

***Economic Development Element  
Background and Analysis Report  
1995-2020***

MARICOPA  
COUNTY



2020  
Eye to the future

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## COMPREHENSIVE PLAN PURPOSES

Arizona counties are required by state law to adopt a Comprehensive Plan to guide growth and development within their districts. State law requires that plans be developed “to conserve the natural resources of the County, to ensure efficient expenditure of public funds and to promote the health, safety, convenience, and general welfare of the public.” In complying with this mandate, Maricopa County is completing its first Comprehensive Plan.

The Maricopa County Comprehensive Plan (the Plan) will serve as a guide for land use, transportation, fiscal and economic development decisions within those unincorporated areas over which the county has jurisdiction. For purposes of the Comprehensive Plan, these are designated as the “Planning Area.”

## PLAN ELEMENTS

The Maricopa County Comprehensive Plan will be comprised of several individual, but interrelated elements including Land Use, Transportation, Environment and Economic Development. Each element will contain generalized statements of goals, objectives and policies to guide development in the Planning Area. The Plan will be derived from comments received from the general public at community hearings; records of meetings sponsored by the county; the results of consultations with state, county and local agencies and the private sector; and from research gathered and documented in various Plan reports.

The Economic Development Background and Analysis Report 1995-2020 herein completed provides the background information for the design of economic policy and recommendations to be included in the county Comprehensive Plan. The report contains an historical analysis of the economic growth of the county and its Planning Area, and a forecast of economic trends and conditions for the region. An issues analysis section focuses on problems and opportunities pertaining to the county’s present and future economy.

## ECONOMIC DEVELOPMENT ELEMENT - VISION AND PREMISES

Maricopa County provides regional leadership to assure a high quality of life for its residents. The county seeks to build a vibrant, 21st century sustainable and responsible economy for the region. Comprehensive planning provides a mechanism to accomplish this objective.

The objective of the Economic Development Plan Element is to provide policy direction that anticipates, guides and promotes desirable developments in the Planning Area.

The results of county efforts will be reflected in a more competitive regional economy, revitalized communities and neighborhoods, better quality jobs, and more orderly development.

The following will guide the design of the Economic Development Plan Element:

- Goals and objectives needed to guide future economic development in the Planning Area will be derived from the assessment and analysis of issues contained in this report. The Background and Analysis Report provides the analysis of historical forces which contribute to the growth of the region. Exogenous and endogenous factors which contribute to changes in the county's economy are assessed; trends in resource depletion, reuse and allocation are examined; the current and potential capacity of infrastructure to sustain and receive growth is assessed; land use patterns, their density and intensity as they pertain to the county's economy are analyzed; and issues pertaining to the growth of the county are summarized.
- The Economic Development Plan Element will integrate all sectors of the county's economy, as well as issues that transcend the economy. Physical, social, and environmental issues that are inherent in the economic development process will be included. Policies and strategies designed to guide and promote economic growth in Arizona will be considered, in particular, those derived from the Arizona Strategic Plan for Economic Development (ASPED). Other planning reports and studies documenting growth policies and strategies for the region will be consulted, and the viewpoints and recommendations obtained from citizens, agency representatives, government, and private industry will be considered in the final design of the Economic Development Plan Element.
- ASPED's definition of economic development will be incorporated in the design of the county's Economic Development Plan Element. ASPED defines economic development as "the process that raises the standard of living for people, creates opportunities for individuals and enterprises, and increases the quality of life." Accordingly, economic development occurs as a result of actions by business, government and the community that builds strong economic foundations that attract, retain and sustain dynamic clusters of manufacturing, and service industries that add value and create comparative advantages in an increasingly competitive economy (ASPED, Creating a 21st Century Economy: Arizona's Strategic Plan for Economic Development, Volume VI, pp. I-3).
- The Economic Development Plan Element will be predicated on change. Change is the result of a myriad of factors both from within and outside government and include the following:

1. The economy of Maricopa County is experiencing a shift from dependency on construction, services, and tourism fueled by population growth, to an economy that is more diversified and dependent on manufacturing and high technology.
  2. The region's economy is also experiencing a process of suburbanization and/or exurbanization. Manufacturers no longer feel they must remain or expand within the urban centers to access the amenities for operating viability, as benefits of the operating climate in suburban or exurban locations tend to outweigh those of large cities.
  3. Global competition is changing the shape of economic development in fundamental ways. Whether operating in rural or urban settings, industry needs to compete on a global scale. To compete in a global economy, the region must build new economic infrastructure, and establish strong foundations to enhance labor skills and productivity, technology, R&D and risk capital. Economic foundations are more critical to success in today's global economy than are traditional business climate factors (ASPED, Creating a 21st Century Economy, pp. II-1). Without strong economic foundations that promote innovation and higher value added, regions are forced to compete on the basis of low costs (Ibid., ASPED, pp. II-11).
- The Economic Development Plan Element will be strategic and participatory in that it will seek to ensure that the process is conducted in a logical and systematic fashion, emphasizing efficiency and effectiveness, in the context of predefined community goals and objectives. Through the strategic planning process, emphasis will be placed on the application of the right level and mix of resources to enhance the economic climate and quality of life in the community. Ample community participation will be sought, as participants in the planning process are as important as the plan itself. Participants will be encouraged to concentrate on critical issues. It is expected that those involved at the inception of the planning process will eventually develop the strongest sense of ownership and remain the plan's staunchest supporters. The Economic Development Plan Element will be customized to address and capitalize on unique locational characteristics and operating circumstances of the different regions that comprise the planning area.
  - The Economic Development Plan Element will become an intrinsic component of the Comprehensive Plan in that it will be a fundamental piece for anticipating and directing the right allocation of economic land uses in density, mix and type over the projected period (1995-2020).

## HISTORY

“Go West...and grow up with the Country”

Those words were written in the 1850s by Horace Greeley, who inspired a generation of pioneers to settle a new frontier in the United States.

Modern metropolitan Phoenix evolved on the foundations of ancient Hohokam cities which were built in the Valley of the Sun sometime between 300 B.C. and 1300 A.D. Hohokam infrastructure, consisting primarily of irrigation systems, were discovered among the ruins of this civilization and used by the settlers who came to the region in the 1860's. The irrigation system the Hohokam created has been compared by Athia L. Hardt to the Pyramids of Egypt (see Athia L. Hardt, *Phoenix: America's Shining Star*, 1989, p. 20).

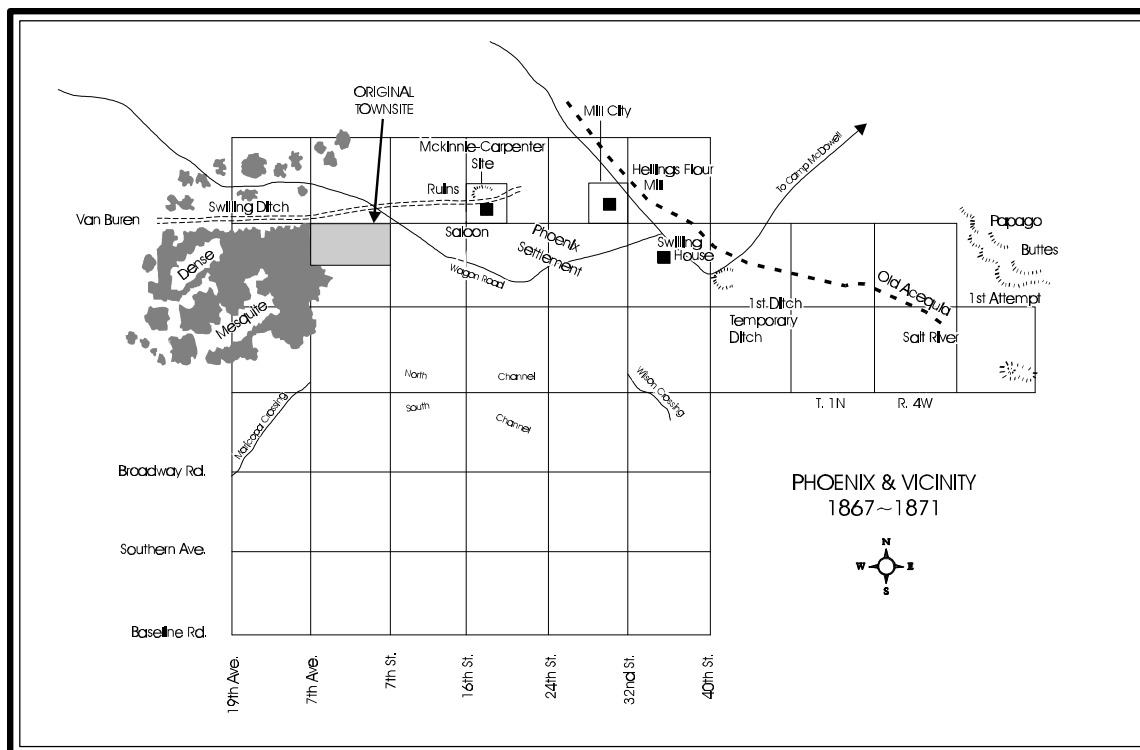
The entrepreneurial work of early pioneers resulted in the harnessing of valuable water resources which permitted the development of a strong agricultural base in the Valley of the Sun.

“The Salt River has provided the major source of water to the inhabitants of the Salt River Valley. During the prehistoric period, Hohokam Indians used the river to irrigate the land and grow food. Five hundred years later, Anglo-American settlers to the valley, used the river to irrigate their crops, mill flour, and crush rocks and minerals.” (Salt River Project, *Jack of All Trades*: J. W. Swilling in the Arizona Territory, p. 41, 1993).

Other determining forces which contributed to the shaping of the economy and physical make up of metropolitan Phoenix include the harnessing of energy resources, population in-migration, the deployment of air force bases, the location and expansion of manufacturing enterprises, weather, the introduction of air conditioning, tourism, technological advances in communication systems, improvements in transportation systems, a favorable business climate, and land speculation, among others.

A settlement called “Phoenix” was formed on the northwest banks of the Salt River in 1867-68. This settlement contained about 50 people and grew to one hundred people by 1868 with about 1,000 acres of land under cultivation (see Figure 1). In 1870, the number of cultivated acres had doubled and by May, 1871 the issue of where the townsite would be established was a common topic (Ibid, *Jack of all Trades*: J. W Swilling in the Arizona Territory). Mining activities near Wickenburg and activities at Camp McDowell, a military post along the Verde River, provided markets for Phoenix agriculture.

On February 14, 1871, the Territorial Legislature created Maricopa County. This was the fifth county formed in Arizona. By 1872, 5,000 acres were under cultivation and the settlement's population had increased to 700. The principal crops produced were barley, wheat, corn, sorghum, Irish potatoes, sweet potatoes and peanuts.



Source: Salt River Project History Museum, Jack of All Trades: J. W. Swilling in the Arizona Territory, 1992.

Figure 1: Phoenix and Vicinity, 1867-1871

Cotton and tobacco were also tried successfully but not to any great extent, while almost every known garden vegetable could be raised in abundance. A few experiments in the way of fruit raising had been tried in the area, and in every instance had proven successful.

Inaccessibility to a main-line transportation system meant a community was considered “off the beaten path” by locals and visitors alike. The arrival of the railroad in 1877 ensured that Phoenix would not remain isolated. The Maricopa and Phoenix Railway was completed, linking Phoenix with the main line of the Southern Pacific. The Santa Fe Railroad arrived in Phoenix in 1895, and the Southern Pacific main line in 1926. The railroad revolutionized the economy of the area, opening further market opportunities for agricultural products and the expansion of irrigation systems. In 1889, Phoenix became the capital of Arizona.

The National Reclamation Act of 1902 made possible the Salt River Water User’s Association and the construction of the Theodore Roosevelt Dam. As the area grew, three dams were added, one in the Salt River and two in the Verde River. A 1,300-mile system of canals and laterals was built to complete the water delivery system. That system delivers more than one million acre-feet annually to the Salt River Valley (Salt River Project, 90 Years Later, p. 4, 1993). With a reliable water supply, farmers were able to grow crops year-round, and in so doing, transformed the region’s economy. Farming improved and more people were drawn to the area, encouraging business growth as well.

Agriculture provided jobs. Jobs provided income. Income started businesses, built homes, and created cities (Ibid, Salt River Project, 90 Years Later).

In 1937, the Salt River Project Agricultural Improvement and Power District was established. From this organization evolved the Salt River Project which works with the state of Arizona and its cities to develop shared groundwater storage and to encourage water and energy conservation. The Salt River Project and its partners generate power from plants in Arizona, Colorado, Nevada and New Mexico.

Construction of massive projects of interstate significance (the Central Arizona Project (CAP), the Palo Verde Nuclear Generation Station (PVNGS), and the passage of comprehensive water laws by Arizona), further contributed to the provision of abundant energy and assured water supply to the region. These provided a further impetus for economic growth and urban development in Maricopa County.

After World War II, the region experienced unprecedented growth fueled by an increase in the importance of the defense sector, manufacturing, tourism, and population immigration. The boom placed Phoenix among the largest metropolitan areas in the nation. Growth further provided opportunities for improvements in technology, in service, and performance. Agriculture and tourism became major income producers in the region.

## GEOGRAPHY

Maricopa County measures 9,226 square miles, of which, 98 square miles is water. Of the total county land area, 24 percent (2,259 square miles) is privately owned. Of the balance, 61 percent (5,614 square miles) is controlled by the Federal Government, 11 percent (983 square miles) by the State of Arizona and four percent (368 square miles) by local governments (Maricopa County Infrastructure Planning Department, Maricopa County Profile 1994). Maricopa County planning and zoning powers can only be extended to private and state lands. Federal lands are subject to trade, in particular those properties abutting urbanized areas. Lands traded and left in private hands are subject to county planning and zoning for as long as they remain unincorporated. The trade of land by the Federal government can have significant impacts on the plans of Maricopa County for unincorporated areas, as these cannot always be anticipated.

Maricopa County contains 24 cities and towns, including Avondale, Buckeye, Carefree, Cave Creek, Chandler, El Mirage, Fountain Hills, Gila Bend, Gilbert, Glendale, Goodyear, Guadalupe, Litchfield Park, Mesa, Paradise Valley, Peoria, Phoenix, Queen Creek, Scottsdale, Surprise, Tempe, Tolleson, Wickenburg, and Youngtown (see Figure 2). Together, these encompassed 1,442.41 square miles as of 1993 (Maricopa Association of Governments). Arizona laws empower municipalities to plan and promote development within their own jurisdictional areas.

Maricopa County has planning and zoning jurisdiction over all unincorporated areas. These areas constitute the Planning Area for purposes of the Comprehensive Plan.

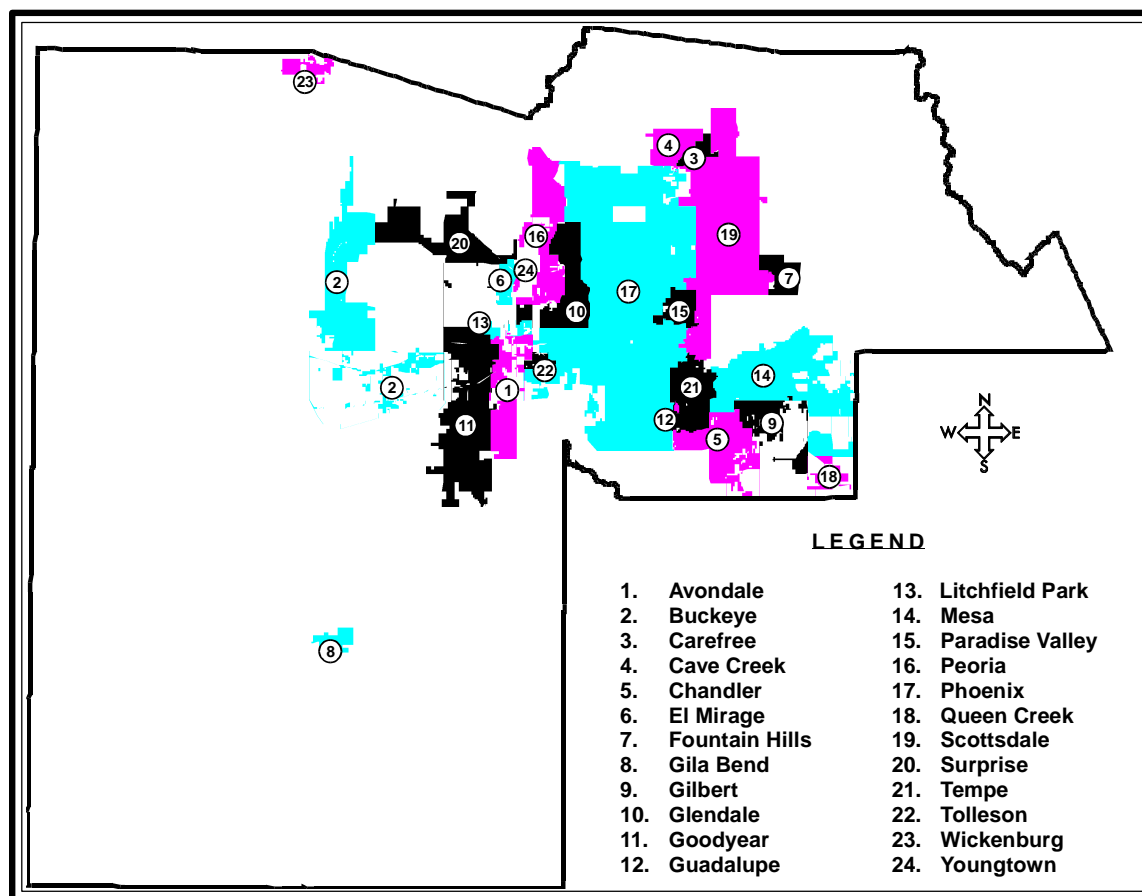


Figure 2: Incorporated Cities and Towns

The Planning Area is almost twice as large as the combined areas of all Maricopa County's cities and towns, and six times as large as the City of Phoenix, the next largest jurisdiction geographically in the county with zoning authority (see Maricopa County Historical Overview and Population Background Report, 1995).

The county is also obligated to implement U.S. and Arizona laws and executive orders. Key laws which will influence county land use decisions include:

- The 1970 Clean Air Act (amended in 1990)
- The 1970 National Environmental Policy Act
- The Clean Water Act (amended in 1977)
- The 1973 Endangered Species Act
- The 1991 Intermodal Surface Transportation Efficiency Act (ISTEA)
- The 1980 State of Arizona Groundwater Management Code

For a comprehensive view of programs/regulations and roles of agencies pertaining to the environment in the "Planning Area" see the Maricopa County Environmental Element Report, 1995.

## NATURAL AND CULTURAL RESOURCES

Maricopa County contains a vast landscape of mountains, irrigated valleys, riparian basins, cacti forests and desert brush populated by Sonoran Desert wildlife, rivers, streams and lakes. Thousands of cultural resources (historical and archaeological) can be found in its territory. The unique features of the Sonoran Desert, enhanced by warm weather and beautiful sunsets, is a magnet to many who migrate to the region. However, the natural attraction of the region poses many challenges, as its most precious resources are threatened by the forces of growth and development. People who migrated to the region in search of the desert and rural lifestyle are at odds with those who seek to expand the region's economy and the urbanization of the desert with commercial, residential and industrial developments, infrastructure and public facilities.

Most urban and agricultural developments have occurred in areas with slopes of two percent. However, urban development is encroaching in areas in the two to 15 percent category. Development intrusion in these areas threaten valuable desert habitat, archaeological sites, and changes the character of the natural scenery and mountain vistas.

A large portion of the Planning Area is under agriculture production, while the balance is retained for watershed, wildlife, aesthetics and recreation.

### Flora and Fauna

There are no commercial woodlands in the Planning Area, and the limited wood products obtained come from juniper, mesquite, pinyon, species of chaparral and small desert trees, such as ironwood and palo verde. Abrupt changes in climate, soil, and elevation make for the variety of plant forms in the Planning Area (see Figure 3).

Each of these plant communities contain many kinds of wildlife, and since Arizona is divided into Game Management Units, the management of both wildlife habitat and hunters is based on these units. Many species of wildlife are unique to the Planning Area, and some are rare and endangered; among these are the prairie falcon, peregrine falcon, gray hawk, black hawk Yuma Clapper Rail, the Sonoran pronghorn antelope and several spring fish. For a comprehensive overview of the flora and fauna resources in the Planning Area (see the Maricopa County Environmental Element Report, 1995).

As urban development encroaches into these areas, habitat is destroyed. This calls for consideration of policy to preserve native vegetation and wildlife in the region, while maximizing economic benefits from tourism and recreation.

### Water Resources

Water is the most vital natural resource in the Planning Area. The region is crisscrossed by several rivers and streams, including, the Salt, Gila, Verde, New River, Agua Fria and Hassayampa rivers. Large storage reservoirs which capture most of the runoff have been built along those rivers to supply water to the region.

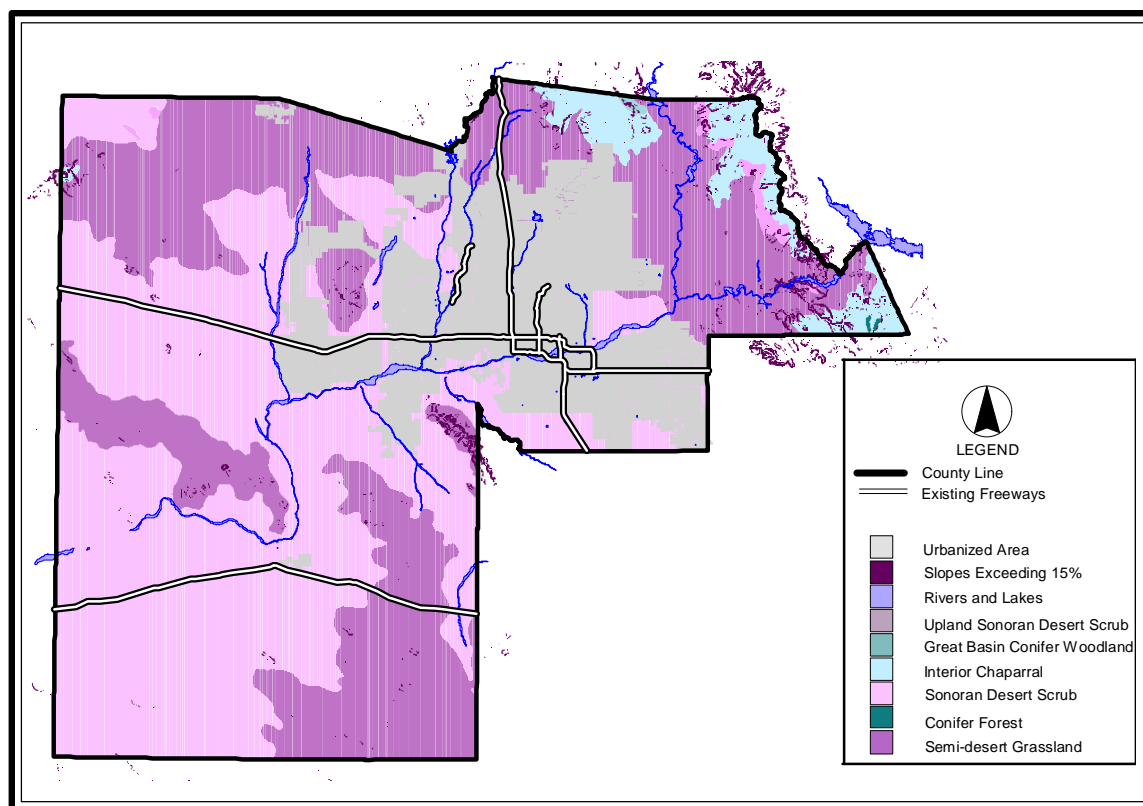


Figure 3: Physical Geography Features in Maricopa County

Water from these reservoirs is distributed to municipal and agricultural users through a system of canals. The region receives Colorado River water through the Central Arizona Project Canal. All surface waters have been appropriated and are managed by irrigation districts, among these, the Salt River Project, the Roosevelt Water Conservation District, Maricopa County Municipal Water Conservation District No. 1, the Roosevelt Irrigation District, and the Buckeye Irrigation District.

The second source of water in the Planning Area is groundwater, as most of Maricopa County is underlaid by a large water aquifer, which supplies over half the total water that is used. Water is pumped faster than it is being replenished, thus causing aquifer levels to drop substantially. To ensure future water supply in the region, Arizona approved the 1980 Groundwater Management Act (Arizona Water Law). Urban users are quick to point out that water will be sufficient to meet future municipal demand in the region. As agriculture is the major water consumer, the development of these lands with urban uses will help diminish water demand.

Also, agricultural practices may contribute to salinization of the soil and to water contamination. Water is also extensively used for recreation, as is the case with golf courses. However, reclaimed water is often used for the irrigation of these facilities. Groundwater in storage has been estimated by the Arizona Department of Water Resources (ADWR) at 150.5 million acre feet in Maricopa County (an acre foot is the equivalent of 325,851 gallons).

Projected water supply and demand figures for Maricopa County show an increase in the volume of demand from 1985 to the year 2025 (see Tables 1 and 2).

Table 1 Maricopa County Water Supplies		
Source	Year 2000 (Acre Ft.)	Year 2025 (Acre Ft.)
Surface Water	892,000	892,000
Central Arizona Project	509,000	496,000
Augmentation	169,000	179,000
Effluent Use	209,000	426,000
Mined Groundwater	218,000	245,000
Incidental Recharge	376,000	348,000
Natural Recharge	41,000	41,000

**Source:** Arizona Department of Water Resources, Second Water Management Plan for Phoenix Active Management Area, 1990.

Whereas the population is projected to increase 185 percent by 2025, water demand will increase less than 15 percent. Agricultural acreage would decrease 40 percent (ADWR).

Table 2 Maricopa County Projected Water Supply and Demand, 1985-2025						
	Year					
	1985	1990	2000	2010	2020	2025
<b>Population</b>	<b>1,850</b>	<b>2,278</b>	<b>3,275</b>	<b>4,080</b>	<b>4,923</b>	<b>5,336</b>
<b>Water Demand (Acre Ft.)</b>	<b>2,266</b>	<b>2,677</b>	<b>2,413</b>	<b>2,498</b>	<b>2,585</b>	<b>2,627</b>
Municipal (total)	504	620	796	992	1,197	1,297
Urban Irrigation	129	129	122	122	122	122
Industrial	64	69	81	91	101	106
Agricultural Demand	1,536	1,737	1,327	1,206	1,079	1,015
Other Demand	34	87	87	87	87	87
<b>Water Supply (Acre Ft.)</b>	<b>1,670</b>	<b>2,089</b>	<b>2,195</b>	<b>2,303</b>	<b>2,356</b>	<b>2,381</b>
Surface Water	892	892	892	892	892	892
Net Natural Recharge	41	41	41	41	41	41
Incidental Recharge	684	778	376	357	351	348
Central Arizona Project	0	264	509	508	500	496
Effluent Use	53	109	209	326	393	426
Augmentation	0	5	169	179	179	179
Groundwater	597	587	218	195	229	245

**Source:** Arizona Department of Water Resources, Second Management Plan for Phoenix Active Management Area, 1990.

## Minerals and Soils

Mineral resources identified in the region include tuff for building stone, refractory clay, vermiculate, lithium minerals, quartzite, strongthium sulfate, halite and associate brines, feldspar, fluorospar, perlite, gypsum, bentonite, thermal springs, turquoise, opal, agate, jasper, and Apache tears for gem stones, marble, copper, molybdenum, rare earths, vanadium, tin, tunsten, iron, and thorium. The most productive districts have been Vulture, Aguila, Cave Creek, Big Horn, Wickenburg, Buckeye, and Gila Bend.

Current mineral activities in the region are primarily related to the extraction of sand and gravel. The mining of river rock as building material in the region is extensive given the demand for these materials from the construction industry.

Improved methods in prospecting, mining metallurgy, and transportation and the application of new uses for various minerals may eventually result in initiating, or resuming production of those mineral resources found in Maricopa County.

Soil characteristics vary in the Planning Area as a result of climate, slope, vegetation, and nature of the present rocks. The potential utilization of these is primarily restricted to agriculture and urban uses, depending on their limitations, such as slope, water availability and accessibility.

### Climate

The region's climate influences the degree and magnitude of immigration of new residents and businesses to Maricopa County. The region enjoys a desert climate with a high percentage of possible sunshine at any given month of the year.

The potential utilization of solar energy for the production of process heat within the industrial, commercial and agricultural sectors in the region was examined in 1979. A report published by the Arizona Energy Research Commission on each of the three economic sectors showed promise in terms of the potential for the displacement of the conventional fuel supplies in use at the time (see Arizona Solar Energy Research Commission, Survey and Analysis of Solar Energy Process Heat Opportunities in Arizona, June 30, 1979). While the potential is demonstrated, it is indicated that the extent of acceptance and utilization of solar systems in Arizona will depend upon the demonstration of reliability and, above all, the cost effectiveness of solar technology (Ibid., p. 9.1). In terms of application, the following offered the greatest short-term potential.

Commercial Sector: Hotels, motels, and hospital facilities.

Industrial Sector: Mining industries (such as copper refining), concrete products (curing and drying), and food products.

Agriculture: Drying processes associated with cotton ginning, water heating in dairies, with marginal economic return; feed processing in cattle feed lots, and egg washing.

Conclusions of the report show that the growth of solar energy in Arizona will depend primarily on the availability of alternate fuel supplies (which at present are plentiful in Arizona) and their associate costs.

The applicability of solar energy resources is being further examined by entities such as Arizona Public Service (APS) and Salt River Project (SRP), through the utilization of photovoltaic systems to provide energy to remote areas, propelling of electric vehicles, residential developments, and others.

The applicability of solar energy may continue to be examined in future developments, however the commercial utilization of this industry will hinge upon economic considerations and applicability. Given economic viability, the region should establish a position as a national leader in the promotion of solar power, as the fuel source is permanent for all practical purposes and is environmentally sound. As with any economic undertaking, the county will need to examine the true cost of each solar energy utilization alternative and may choose to promote their development through the provision of tax breaks, incentives, and others.

## Air Quality

Air quality impacts the region's quality of life, industry and commerce. Currently, there are six pollutants for which the National Ambient Air Quality Standards (NAAQS) have been promulgated including sulfur dioxide (SO<sub>2</sub>), oxides of nitrogen (NO<sub>x</sub>), ozone (O<sub>3</sub>), lead (Pb), particulate matter with an aerodynamic diameter equal to or less than 10 micrometers (PM<sub>10</sub>), and carbon monoxide (CO). About 60 percent of Maricopa County, including portions of the Planning Area, has been designated a Non-Attainment Area by the Federal Government (see Figures 4 and 5), as the region does not meet air quality requirements for CO, O<sub>3</sub>, and PM<sub>10</sub>. Primary sources of CO emissions are utility scale combustion of fossil fuels for generation of electricity and motor vehicles. Ozone is formed in the atmosphere through chemical reactions involving volatile organic compounds (VOCs), NO<sub>x</sub>, and sunlight.

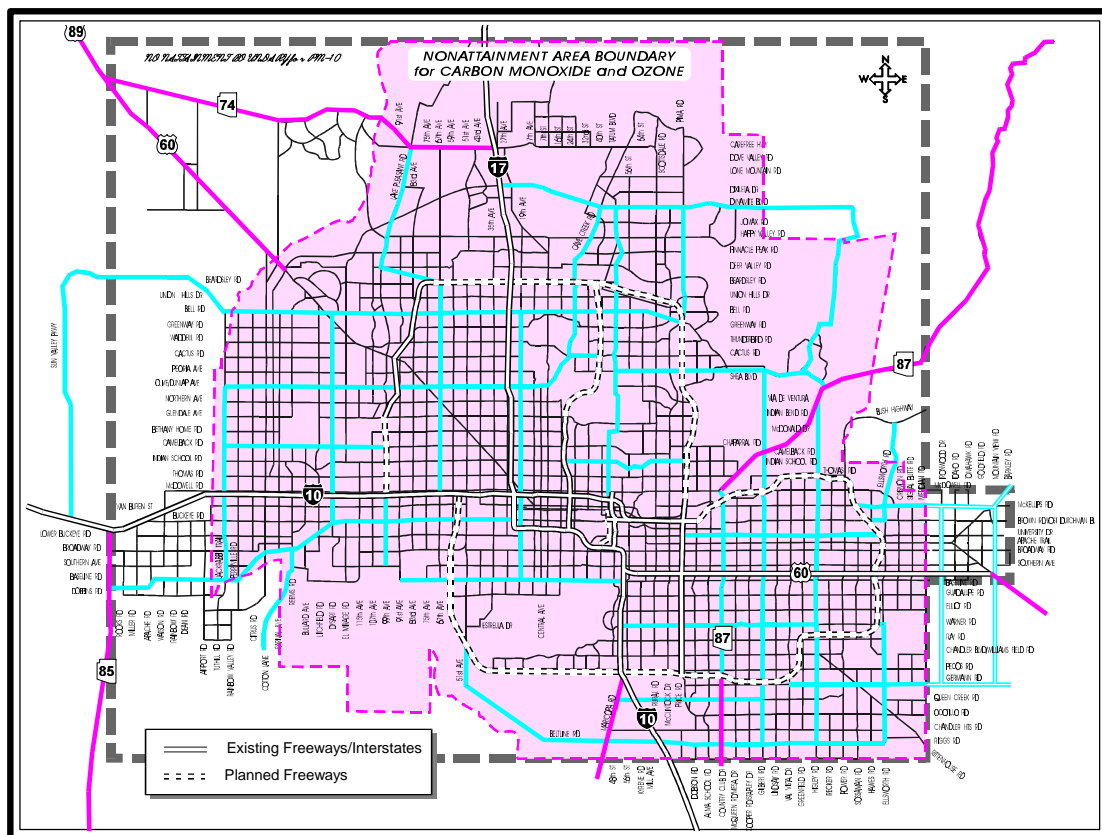


Figure 4: Non-Attainment Area for Carbon Monoxide and Ozone

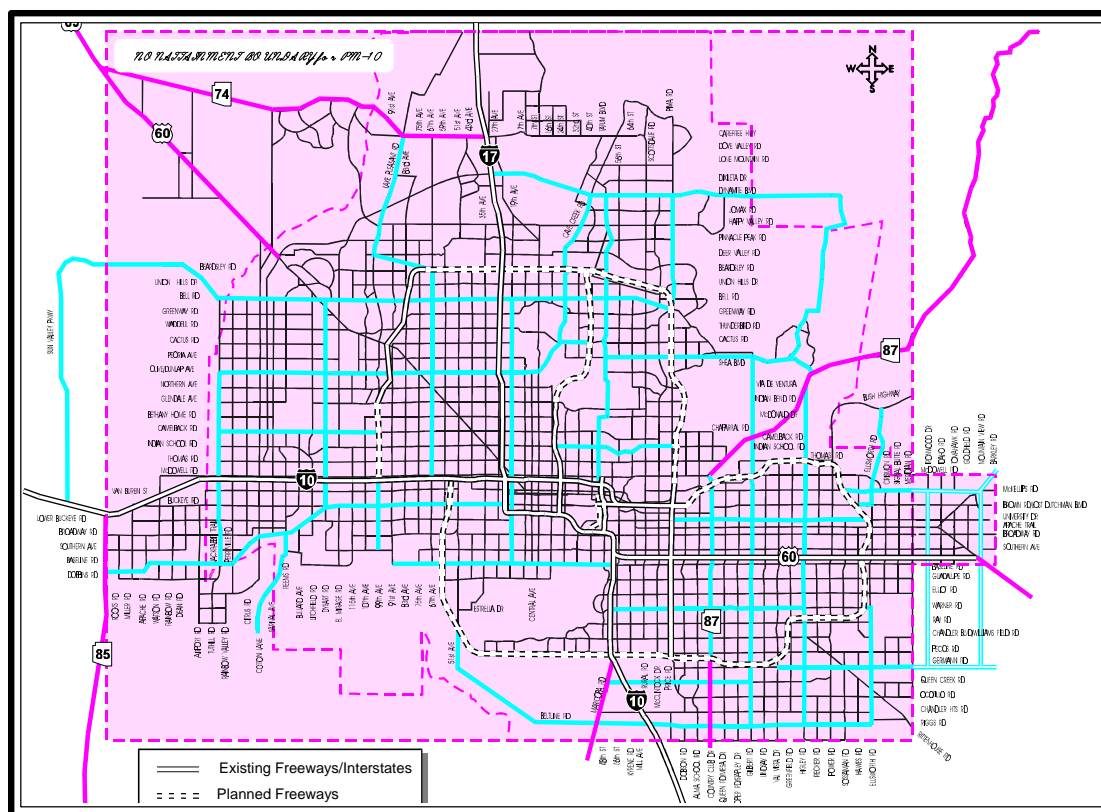


Figure 5: Non-Attainment Area for PM<sub>10</sub>

PM<sub>10</sub> consists of extremely fine particles, suspended in the atmosphere, with an aerodynamic diameter equal to or less than 10 micrometers (see Maricopa County Environmental Development Element Report, 1995).

The region will continue to be hard pressed to meet Federal air quality standards, both to retain its competitive economic position and to reduce the risk of Federal sanctions. Recently (May 1996), an air pollution emergency was declared for Maricopa County by the Governor of Arizona. The emergency was declared to prevent the federal Environmental Protection Agency from reclassifying the region's Ozone levels as "serious," up from the current "moderate" rating (Arizona Republic, 5/25/96).

The primary sources of CO emissions in the county are motor vehicles. The largest contributors to PM<sub>10</sub> pollution are vehicles traveling on paved and unpaved roads; construction sites; poorly maintained disturbed, vacant lots; motor vehicles and farming practices. Also, the largest contributors that lead to Ozone formation are area sources, such as fuel handling, consumer and commercial solvent use, and architectural coatings (Maricopa County Environmental Services Department, Technical Services Division, May 2, 1996, correspondence). Even though sections of the Planning Area are outside the Non-Attainment Area, the region will be required to introduce mitigation mechanisms.

Some of these mechanisms include the utilization of cleaner fuels in all vehicles and equipment, lower vehicle speeds in all unpaved roads, preservation of indigenous desert, revegetation of disturbed vacant areas, and improvements in the infrastructure for alternative modes of transportation. Municipalities and the county will need to exercise stricter dust control measures in construction jobs, and paving of rural roads, among others.

## HUMAN RESOURCES

### Demographic Trends: Arizona and Maricopa County

By most indicators, Arizona and Maricopa County are leaders in population and economic growth in the U.S. Arizona's population expanded from 3,665,228 in 1990 to 4,228,900 in July 1995, and will grow to 4,709,225 by 2000.

Arizona's population growth rate is nearly three times greater than the nation's. Arizona ranked second behind Nevada in terms of average annual population growth rate between 1982 and 1992, and during the first three-and-a-half years of the 1990's, the Blue Chip Economic Forecast newsletter reported Arizona's population grew by 7.7 percent, making it the seventh-fastest growing state in the U.S.

Maricopa County is home to 60 percent of Arizona's population. The county population expanded from 2,122,101 in 1990 to 2,551,765 in 1995, and will grow to 2,715,091 by 2000 (State Data Center, U.S. Census Bureau). Whereas the state's population expanded 34.8 percent between 1980-90, the county's population grew 40.6 percent during the same period. The County's growth rate was the third fastest among the nation's top fifty counties from 1980 through 1994 (see A Growth and Governance Group: Maricopa County and Its Cousin Chart 2, p. 6). U.S. Department of Commerce figures show that Maricopa County's population expanded 564 percent between 1950 and 1994, while the U.S population expansion during that same period was only 72 percent. The Arizona Department of Economic Security (DES) predicts that more than three million people will reside in Greater Phoenix by the year 2005, up from 300,000 in 1950.

Maricopa County will continue to draw most of its economic strength from population growth. Greater Phoenix's growth rate over the next ten years will rank sixth nationally among markets with populations of one million or more (Greater Phoenix Economic Council, Greater Phoenix by the Numbers, 1995-96).

The projected population of the county in 2020 is 4,116,600, or almost double its 1990 population. This high growth will continue to contribute to the county's attractiveness to industry and commerce, who seek a large labor supply and markets for their products.

Another contributing factor to the economic growth of the county is related to the demographics of its population. The county population is relatively young and well educated. About 81.5 percent of the population 25 years and over, have a high school diploma or better in the county (1990 U.S. Census).

The median age of Maricopa County residents is 32, while the median age in the U.S. is 32.9. Whites comprise about 85 percent of the population; Blacks 3 percent; American Indian, Eskimo and Aleut 2 percent; Asian & Pacific Islanders 2 percent; and Other Races 8 percent. Persons of Hispanic Origin total 16 percent. The female population total 51 percent (1990 U.S. Census).

The median household income for the Phoenix-Mesa Metropolitan Area was calculated at \$30,797 with 12 percent of all persons determined to be at or below poverty levels (1990 U.S. Census). The U.S. median household income for the same period measured \$30,056. Figures provided by Claritas, Inc. (see The Wadley-Donovan Group, Ltd., Labor Market Analysis of the Greater Phoenix Area, Greater Phoenix Economic Council, 1995), show increases in the Phoenix MSA household income to \$32,842 in 1994 with projections to \$36,197 in 1999 (U.S. household income averages for the same period show \$34,017 and \$39,095, respectively). Thus, the Phoenix MSA would experience a growth of 10 percent in household incomes between 1994 and 1999, while this rate would be higher (15 percent) in the U.S.

The largest concentrations of population in Maricopa County are found in the cities of Phoenix, Mesa, Scottsdale, Tempe, Glendale and Chandler (see Table 3).

Table 3 <b>Population Growth in Arizona and Maricopa County</b>			
	Year		
	1990	1994	2000
<b>State of Arizona</b>	3,665,228	4,071,650	4,709,225
<b>Maricopa County</b>	2,122,101	2,355,900	2,715,091
<b>Metropolitan Cities</b>			
Phoenix	983,403	1,051,515	1,183,964
Mesa	288,091	318,885	396,435
Glendale	148,134	164,890	208,532
Tempe	141,865	150,615	158,276
Scottsdale	130,069	154,145	186,091
Chandler	90,533	115,145	151,865
Peoria	50,618	65,500	89,717

Source: DES, 1990 US Census, MAG

As with population, the labor force experienced dynamic growth at the State and County levels (see Table 4). The number of people in the labor force almost doubled in Arizona and Maricopa County between 1980 and 1995. Maricopa County contains 61.4 percent of the State's labor force. This figure is larger in the Phoenix-Mesa Metropolitan Area (63.9 percent), which covers portions of Pinal County, including Apache Junction. Maricopa County is the 15th largest labor market in the U.S. This sizable labor pool, enriched by in-migration, contributes to its attractiveness to business and industry seeking labor resources and strong markets for their products.

Table 4 Maricopa County Labor Resources			
	Year		
	1980	1990	1995(Sept.)
State of Arizona	1,126,000	1,798,000	2,159,301
Phoenix-Mesa MA	NA	1,168,140	1,378,336
Maricopa County	667,394	1,096,855	1,267,885

Source: DES, Labor Market Information.

As indicated by the Greater Phoenix Economic Council (GPEC), the three largest areas of employment by occupation are: Production, Maintenance & Material; Clerical, Administrative, Professional & Technical Services (See Table 5).

Table 5 Greater Phoenix Employment Projections by Occupation				
Occupation	1991	1996	Projected 1991-96 Change	
			Absolute	Percent Change
Managerial & Administrative	64,218	76,226	2,008	6.70%
Professional & Technical	200,136	243,088	42,952	
Sales & Related Occupations	125,652	148,959	23,307	
Clerical & Administrative	202,519	236,685	34,166	19.00%
Service	171,615	205,812	34,197	19.00%
Agricultural & Related Occupations	7,262	8,704	1,442	
Production, Maintenance & Material	222,755	257,808	32,053	17.80%
Total	997,157	1,177,282	180,125	100.00%

Source: Arizona Department of Economic Security, 1992; Greater Phoenix Economic Council

Wage and salary employment almost doubled in Maricopa County between 1977 and 1990, from roughly 500,000 to one million jobs. An additional 300,000 jobs are expected to be created in the region during the 1990s. Employment will increase to 1,806,578 by the year 2020 (Maricopa Association of Governments). The U.S. Bureau of Labor Statistics reported that the Phoenix-Mesa Metropolitan Area created jobs faster than any large labor market with 750,000 or more workers in the U.S. The area added 73,600 new jobs in 1995 and posted an employment growth rate of 6.4 percent, nearly three times faster than the nation (Western Blue Chip Economic Forecast, Economic Outlook Center, College of Business, Arizona State University, April 1996).

Unemployment in Arizona totaled 126,434, or 5.9 percent in September, 1995. Maricopa County's unemployment rate is one of the lowest in the nation (see Table 6). During 1984-93, Maricopa County maintained, on average, an unemployment rate 1.5 percentage points below the national rate (Arizona DES, NAHB Economics). A total of 57,004 people, or 4.3 percent, were unemployed in Maricopa County as of September, 1995. The unemployment rate in the Phoenix-Mesa Metropolitan Area is equivalent to the unemployment rate in Maricopa County for the same period. Historically, Maricopa County's unemployment rate ranks lower than Arizona's.

Table 6 Maricopa County: Unemployment Trends							
	Year						
	1990	1991	1992	1993	1994	1995(Sept.)	Unempl.
State of Arizona	5.3%	5.6%	7.5%	6.2%	5.9%	5.9%	126,434
Phoenix-Mesa MA	4.4%	4.9%	6.4%	5.1%	4.6%	4.3%	59,787
Maricopa County	4.4%	4.9%	6.4%	5.3%	4.6%	4.3%	57,004

Source: DES, Labor Market Information

Approximately 27 percent of the labor force (persons 18 years and over) have an undergraduate college degree or better. An additional 28 percent have some college degree. A total 26 percent have graduated from high school, and the balance, 19 percent, had no high school diploma (1990 U.S. Census).

Arizona is a right-to-work state, which means workers do not have to join a union to secure employment. Only six percent of the work force is unionized.

Demographic Trends: Unincorporated Maricopa County

Planning for the orderly arrangement of growth in the unincorporated areas of Maricopa County is a challenge, considering the history of incorporations and aggressive annexations from municipal governments. Table 7 demonstrates how much the configurations of selected cities and towns have changed in Maricopa County in a short span of time.

Table 7 Land Area Growth in Selected Cities of Maricopa County, 1950-1990			
City	Square Miles of City		Land Area Percentage Growth
	1950	1990	
Buckeye	---	80.10	8,702%
Chandler	0.73	57.52	7,709%
Fountain Hills	---	19.00	---
Gilbert	1.11	28.43	2,461%
Glendale	1.24	49.20	3,868%
Goodyear	---	112.31	28,697%
Litchfield Park	---	2.44	---
Mesa	6.39	120.15	1,780%
Peoria	---	61.20	5,900%
Phoenix	16.44	422.94	2,493%
Scottsdale	---	183.43	4,727%
Surprise	---	62.62	6,162%
Tempe	2.28	40.56	1,679%

Source: Maricopa County Planning and Infrastructure Development Department

The Planning Area contains a population of 183,000 residing in 7,748 square miles. The population in the Planning Area expanded from 171,000 in 1990 to 183,000 in 1995. This increase occurred despite annexations of over 3,500 residential units from unincorporated Maricopa County by incorporated county entities.

The population in the Planning Area will expand 214 percent from 1995 to the year 2020, to a total population of 574,631. This signifies planning for the accommodation of an additional 391,631 people in the Planning Area by the year 2020 (see Maricopa County Historical Overview and Population Background Report 1995).

The largest population growth will occur within the “Interface Area.” The Interface Area is defined as the area between the incorporated area boundaries of local municipalities and the outer limits of each Municipal Planning Area (MPA), (see Figure 6). MPA’s comprise the corporate limits of a municipality plus any adjacent areas that are anticipated to become a part of a municipality in the future.

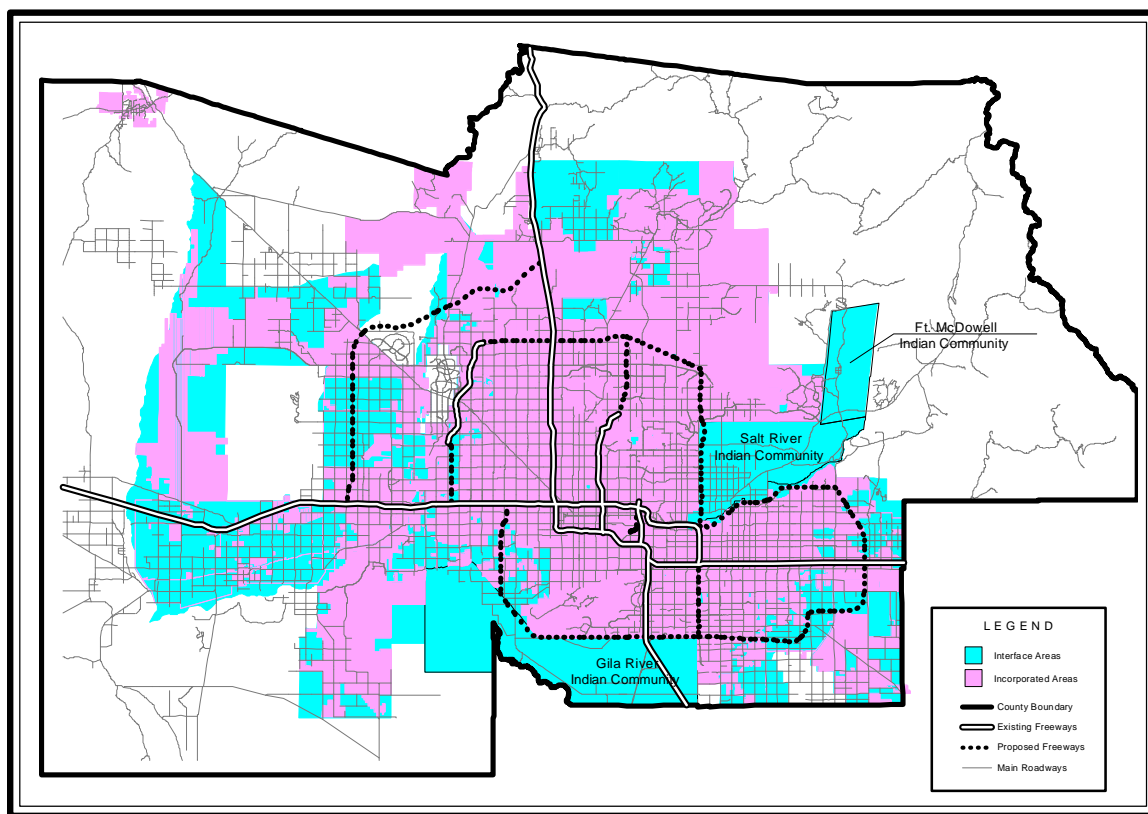


Figure 6: Interface Area

The Maricopa Association of Governments (MAG) organizes its planning according to MPA’s. Adjusted population figures show that the Interface Area population will expand from 84,525 in 1995 to 427,428 in 2020 (a growth of 405.7 percent). Total projected growth in the “Urban Fringe,” the area outside Interface Areas, is estimated at 47,000 by the year 2020 (see Figure 7).

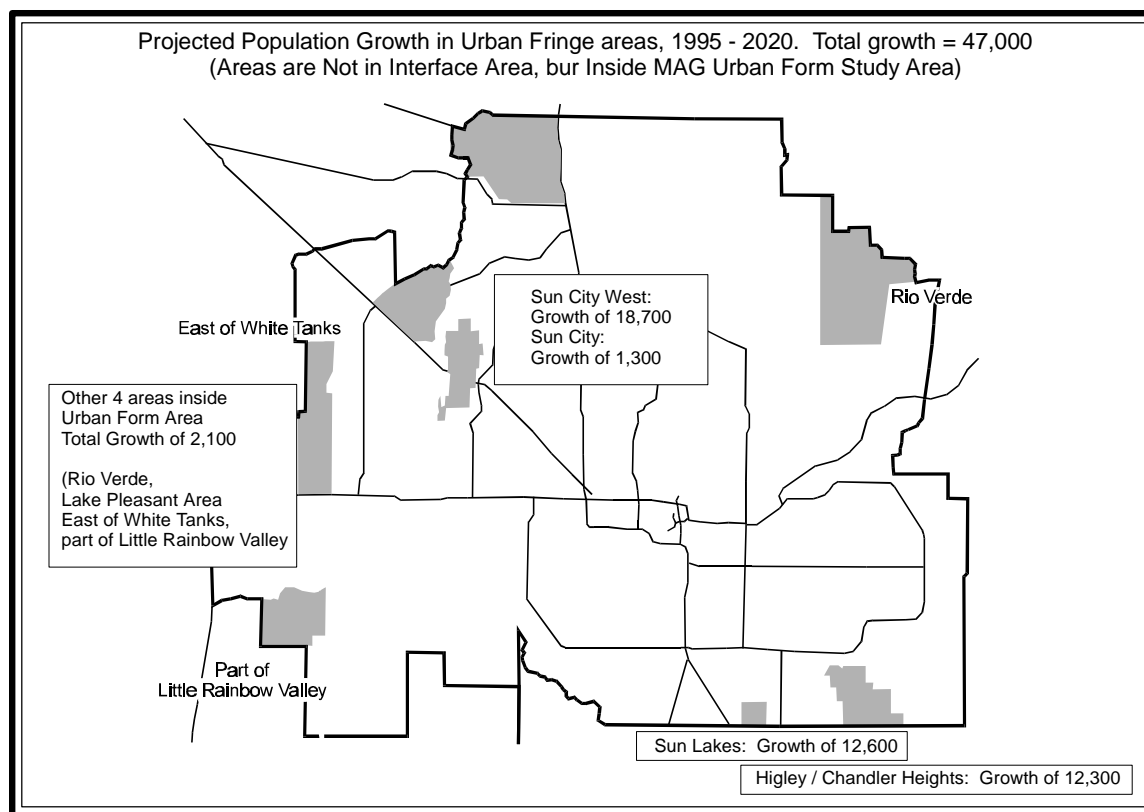


Figure 7: Projected Population Growth in Urban Fringe Areas, 1995-2000

The projected spatial distribution of that population shows most of it will occur in the New River/Villages at Desert Hills area (see Figure 8). This forecast indicates that the western portion of the Planning Area would experience a growth of 2,300 additional people by the year 2020. These figures are worth considering in future service and infrastructure development policy decisions. However, these projections may be challenged in view of potential growth along I-10 in Tonopah, and other areas of the planning region.

The County retains planning and zoning authority in the Interface Area, even if some of those areas have been included in each municipalities' General Plan. In the planning for land uses of "County Islands," the County examines individual cities' plans. If one considers the history of annexations in the County, the likelihood of those areas being annexed by municipal jurisdictions is very high. These practices will have a bearing in the planning decisions of the County for the unincorporated areas, and should be anticipated. In planning for the economic growth of the region we must also examine such other factors as the availability, readiness and qualification of the labor supply, ethnicity of the population, and income levels.

Following are some key indicators derived from the Maricopa County Population Background Report, 1995 and which merit consideration in the design of growth policies for the Planning Area:

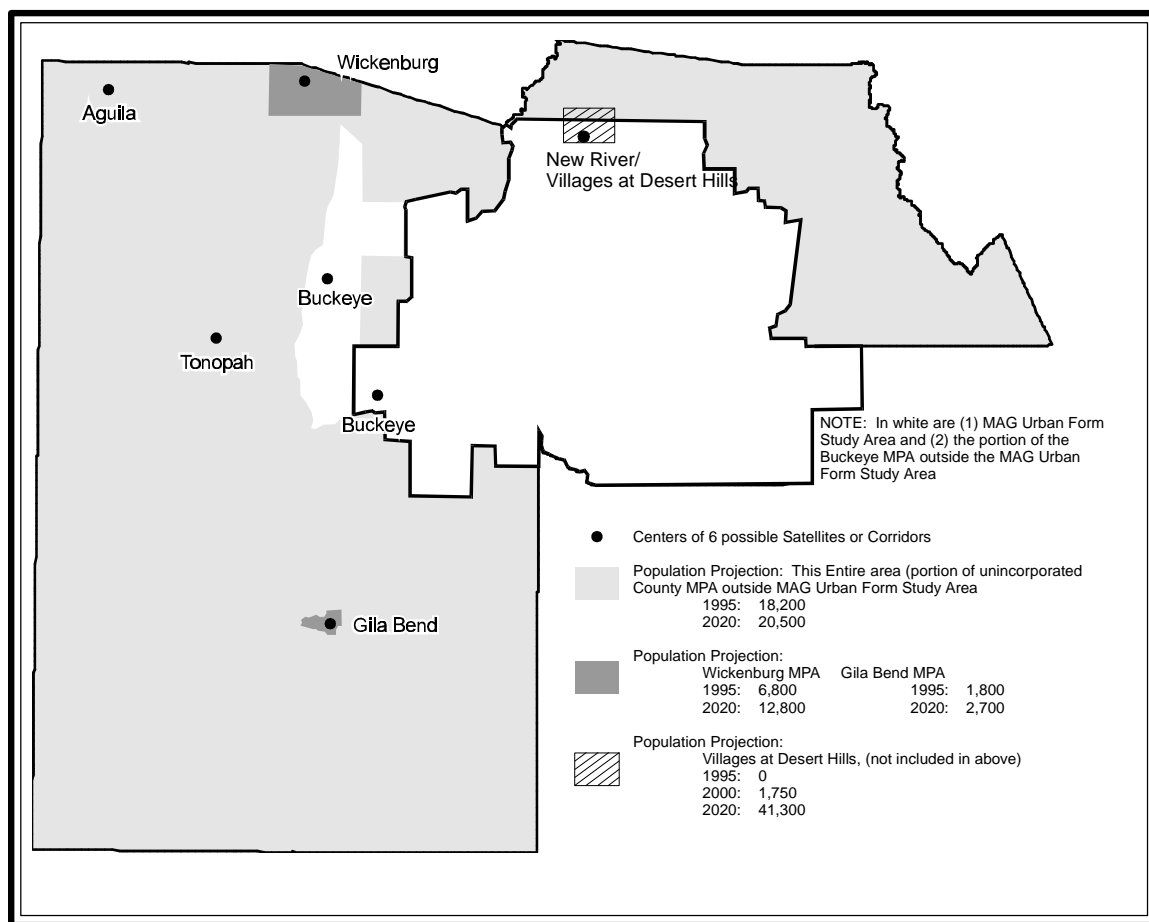


Figure 8: Projected Population Distribution by Areas

- A large segment of the population in the Planning Area has reached retirement age. A large number of retirees (60,701) reside in communities like Sun City, Sun City West and Sun Lakes, in the Planning Area. Of these, 78.9 percent are 65 years or older. The population of the remainder of the Planning Area (108,784) has a broader mix, with 17.2 percent 65 years or older, 55.7 percent in working age (18-65 years old), and 27.1 percent under 18 years of age.
- Women's participation in the work force increased from 34 to 43 percent in the Planning Area from 1970 to 1990.
- The population of Hispanic Origin is very low in retirement communities (0.5 percent), compared to 15 percent in the balance of the Planning Area.
- The average household size declined from 3.1 to 2.2 in the Planning Area from 1970 to 1990.
- Household income levels are lower in the Planning Area (1989=\$27,726) than in the county as a whole (1989=\$30,797).
- Most housing developments in the Planning Area are built in large-scale planned unit subdivisions. Almost two-thirds (5,800) of the 8,900 housing units were built in large-scale developments in the first half of the 1990's.

## URBANIZATION/LAND USES

The Planning Area's urbanized zones are characterized by a series of planned unit developments and unincorporated villages. Almost all the areas defined as large scale developments are covered by an approved development master plan or an approved large subdivision (over 200 acres). Most of the villages are former agricultural market centers and/or railroad centers with small populations. These centers include Aguila, Circle City, Morristown and Wittmann in the Northwest; New River and Desert Hills in the North, Rio Verde and Sunflower in the Northeast; Chandler Heights, Higley and Norton's Corner in the South East; Laveen, Mobile and Santa Maria in the South; Agua Caliente, Cotton Center, Paloma and Sentinel in the Southwest; and the communities of Arlington, Hassayampa, Hopeville, Liberty, PaloVerde, Perryville, Tonopah and Wintersburg in the West.

In order to guide and control development, Maricopa County developed and adopted plans for thirteen geographic areas in its jurisdiction: Mobile, Little Rainbow Valley, Laveen, Estrella, Tonopah, White Tanks/Agua Fria, Grand Avenue Corridor, New River, Desert Foothills, East Mesa, Wickenburg Highway Scenic Corridor, Westside Military Airbase (Luke), and Queen Creek (see Figure 9).

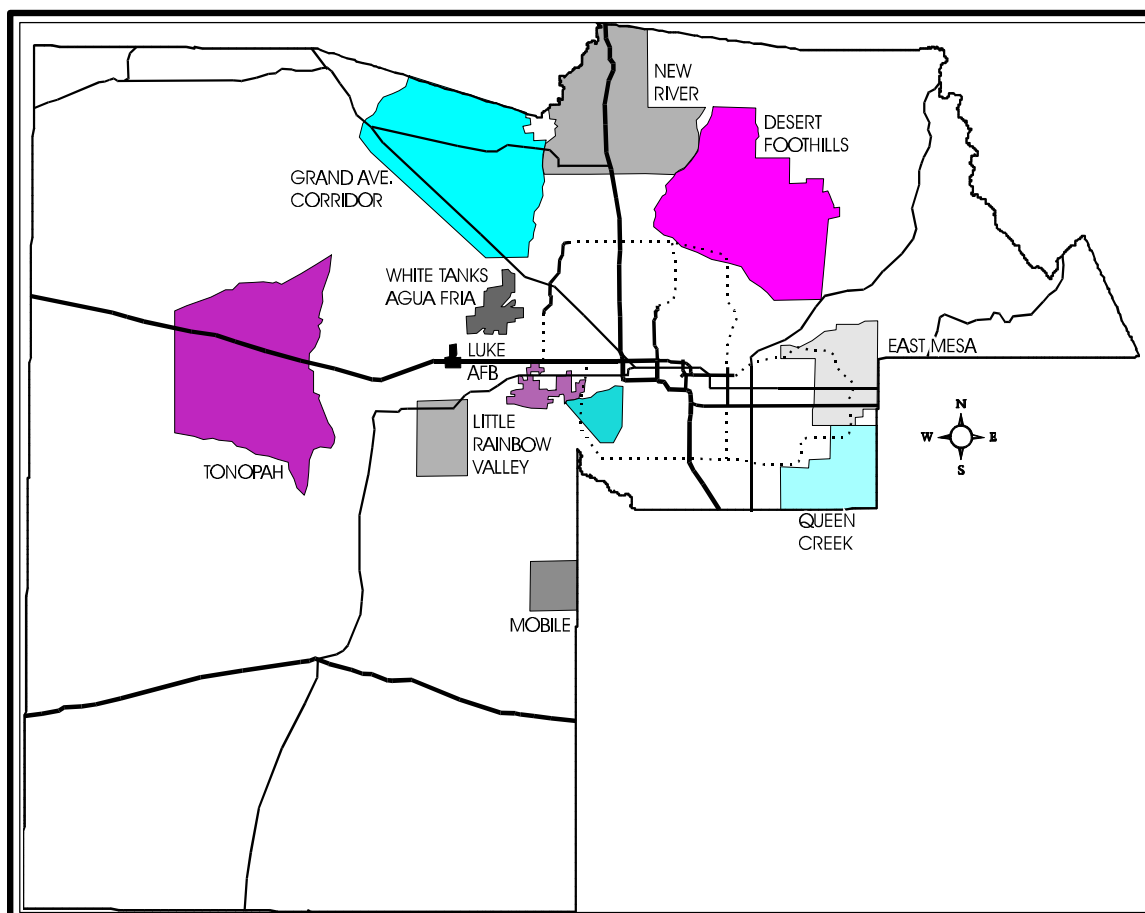


Figure 9: Area Land Use Plans

These plans were completed between 1979 and 1992. The estimated population of these areas in 1995 is 104,100. Eleven of these areas have much of their land within the “Interface Area,” with annexations and incorporations having occurred in each of the eleven areas. Most of the land planned in those areas is under agricultural production or is desert land.

The urbanized centers are primarily residential in nature, with a minimum of commercial and service facilities oriented to serve the surrounding populations. There are several automobile proving grounds, an Air Force range (Barry Goldwater), the Palo Verde Nuclear Generating Station and several agribusiness facilities (cotton gins, dairies, feedlots, and others) in the Planning Area. Contained within the Planning Area is the Tonto National Forest, regional parks, several designated wilderness areas, riparian basins and lakes. Indian reservations located in Maricopa County encompass an area of 436.45 square miles, but these are excluded from the Planning Area. These communities contain small populations, but their role as sources of employment and generation of revenue derived from manufacturing, commercial services, and casino gambling in the region is beginning to be felt.

Most communities in the Planning Area are deficient in services and community facilities, primarily sewer and water services, fire protection, street lighting, roads, recreation and health, and convenience commercial services. Many communities present advanced conditions of blight or are not in compliance with county codes and ordinances.

## REGIONAL INFRASTRUCTURE

The economic infrastructure in the Planning Area is deficient and will require upgrading to meet the long-term challenges of economic development.

### Highways

Most of the Planning Area is predominately rural and has a sparse vehicular roadway network. The identified roads of regional significance include the following (see Figure 10).

**I-17 Black Canyon:** This freeway runs north through the New River area and connects to I-40 in Flagstaff. This road is presently undergoing improvements within the Phoenix area to accommodate traffic demand.

**I-10 Papago/Maricopa:** This freeway, which connects Maricopa County with the east and west coast, was completed during the 1980’s and it is in excellent condition. However, accelerated new development in Western Maricopa County in the last five years is already straining its capacity.

Completion of this freeway has encouraged the location of several warehousing, distribution and manufacturing facilities in western Maricopa County. The likelihood of additional trucking/distribution, warehousing and manufacturing developments along this corridor from central Phoenix to the community of Tonopah (52 miles from Phoenix) is very high within the time scope of the Comprehensive Plan. The I-10 freeway serves large tracts of irrigated agricultural lands and agribusinesses in western Maricopa County.

Loop 101 Agua Fria/Pima/Price. This highway corridor links Tolleson from I-10 to I-17 in north Phoenix and loops around the Pima corridor connecting to Loop 202 Red Mountain, SR60 Superstition and Loop 202 Santan in Chandler. Portions of Loop 101 have yet to be completed.

It is anticipated that unincorporated areas currently under agricultural production, along this corridor, will be annexed and infilled within the time span of the Comprehensive Plan.

Loop 303 Estrella. A segment of this loop connecting I-10 with I-17 has been partially completed, enabling traffic to connect Sun City with the City of Goodyear. This road serves primarily irrigated agricultural areas in production.

Sun Valley Parkway. This road was built by the private sector with proceeds from bonds issued by Maricopa County.

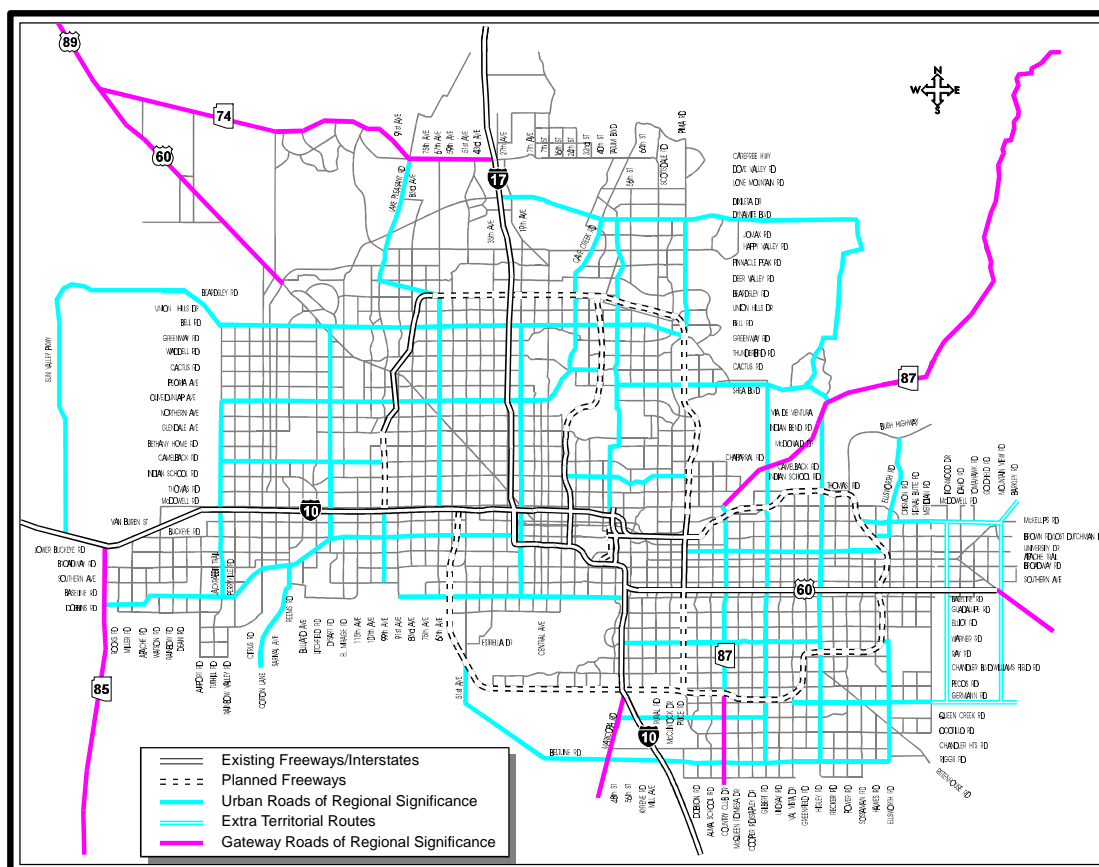


Figure 10: Roads of Regional Significance

The road built to serve development during the mid-1980's remains highly unutilized. Most of this road has been annexed by the Town of Buckeye and the City of Surprise. Only a portion of the road serves unincorporated areas of Maricopa County. Land abutting this road is desert brush and cacti land which remains undeveloped.

US 60/89 and SR 93. These roads connect Northwest Maricopa County with Nevada and Southern California. A NAFTA corridor connecting Arizona with Mexico and Canada along this highway has been envisioned by state planners. This road is being improved to handle future traffic demand. Planning Area communities served by this road include, Aguila, Morristown, Circle City, Witmann, Wickenburg, Sun City and Sun City West. Land abutting this road is primarily Sonoran desert land, with the exception of properties located in the Aguila district which is under agricultural cultivation.

SR 74. This road allows the connection of the New River area in north Phoenix with Morristown, and then along US 60 with Wickenburg. The road serves Lake Pleasant, a major recreation area. It is a designated scenic road in Maricopa County.

SR 85. This state highway connects I-10 near Buckeye with I-8 at Gila Bend. I-8 provides access to San Diego. This road serves vast tracts of agricultural land in western and southwestern Maricopa County.

SR 87. This road along rugged mountains and desert forests connects metro Phoenix communities with the Fort McDowell Mohave Apache Indian Community, Fountain Hills and Tonto National Forest. The only unincorporated communities subject to County planning jurisdiction include Goldfield Ranch and Sunflower. This road provides access to vast recreation areas, and is of major importance to the fostering of tourism opportunities in the region.

SR 347/Maricopa Rd. This road, located outside the Planning Area, is an alternative to SR 85 which connects greater Phoenix communities with I-8 in the southwest. Indian casino gambling in the vicinity of the Town of Maricopa, and the siting of solid waste disposal facilities in the Mobile area, have increased traffic activity along this road. The road has recently been improved and its importance may increase because there is currently an application for a large refinery in the area. Most of the area abutting this road is desert range land with limited agriculture within Maricopa County.

Roads of secondary importance, but which may be strategic to the transfer of cargo and passenger traffic include the following:

New River Rd. west of I-17 in North Maricopa County (tourism/recreation/retail/limited manufacturing); Vulture Mine/Wickenburg Rd. (tourism, recreation and cargo), Douglas Ranch/Castle Spring Rd. and Eagle Eye Rd. (agriculture and cargo) in northwestern Maricopa County; Salome Highway, Harquahala Rd., US 80, Wintersburg Rd., Painted Rock Dam Rd. and Agua Caliente Rd. (agriculture, tourism and recreation).

Interstate ground cargo service is provided by at least 32 trucking companies in Maricopa County. Passenger service is provided by Greyhound Bus Lines, Greyhound Lines, Inc., Greyhound Trail Ways, Nava-Hopi Xpress, and Phoenix Transit.

## Rail

Maricopa County is served by the Southern Pacific transcontinental and Santa Fe Railways. Several industrial facilities have been developed along these lines in Metro Phoenix.

## Airports

Maricopa County is served by Sky Harbor International Airport and several general aviation airports that serve private aircraft, most of these located in incorporated cities: Chandler Municipal in Chandler, Gila Bend Municipal in Gila Bend, Glendale Municipal in Glendale, Mesa-Falcon Field Airport in Mesa, Phoenix-Deer Valley in North Phoenix, Phoenix-Goodyear in Goodyear, Pleasant Valley in New River, Scottsdale Airport in Scottsdale, Stellar Airport in Chandler, Carefree Airport in Carefree, Wickenburg Municipal in Wickenburg and Buckeye Municipal in Buckeye. Smaller private use airfields can be found dispersed throughout Maricopa County. Pleasant Valley, a privately owned airport, is the only facility located in unincorporated Maricopa County.

## Water and Sewer

Many communities in the Planning Area lack sanitary sewer service and their water systems are deficient or non-existent. Sanitary services are regulated by the Maricopa County Department of Public Health. Water franchises are regulated by the Arizona Corporation Commission (ACC), the Arizona Department of Water Resources (ADWR) and the Arizona Department of Environmental Quality (ADEQ).

## Utilities

Utilities in the Planning Area are supplied by several service providers. Electric service is provided by Arizona Public Service and Salt River Project. Natural gas service is provided by Southwest Gas Corporation and Black Mountain Gas Company. Telephone service is provided by Allinet Communication Services, AT&T Communications, GTE West, and US West Communications.

## Medical

Medical infrastructure is lacking in the Planning Area, with most health services providers located within incorporated areas of Maricopa County.

# ECONOMIC BASE

The region's economy has experienced a transition from a resource based economy to an economy dependent on population growth, and most recently, an economy challenged by global competition and defense restructuring. The traditional resource economy based on production of copper, cotton, cattle and citrus, has changed into an economy based on real estate, construction, electronics, aerospace, retirement, service and tourism. Maricopa County's economy is becoming more diversified with growth in the information, communications, health and biomedical, advanced services, aerospace/defense, transportation/distribution, agribusiness and tourism sectors.

Recent studies also demonstrate the positive economic impacts brought about by the retirement industry. This was acknowledged by the creation of “The Senior Living Cluster” of the Governor’s Strategic Partnership for Economic Development (GSPED). Since 1960, Arizona has welcomed more than 500,000 people over the age of 60 as new residents. During the 1985-1990 period, the 98,000 retirees who relocated to Arizona brought with them an annual income equivalent to about \$1.7 billion. Future economic growth will continue to be dependent on the region’s competitive advantages including, quality workforce, capital availability, competitive tax and regulatory environment, accessible technology, advanced infrastructure, housing affordability, cost of living, and specialized quality of life.

### State and County Employment

Unlike the nation’s occupational makeup, Arizona and Maricopa County have a much higher share of jobs in service-producing industries and a much smaller percentage of jobs in manufacturing. The percentage share of the Phoenix-Mesa Metropolitan Area (MA) relative to Arizona’s non-farm employment is shown in Table 8.

Table 8

<b>Arizona Economic Indicators: Employment in Non-Agricultural Payrolls (000's) May 1995</b>			
Economic Sectors	Arizona	Phoenix-Mesa MA	Percent
Services	503.8	352.0	69.9
Wholesale/Retail Trade	427.3	289.2	67.7
Government	298.6	162.0	54.3
Manufacturing	200.2	154.8	77.3
Construction	113.0	78.9	69.8
Finance, Ins. & Real Estate	110.7	91.3	82.5
Tran., Ins. & Publ. Util.	94.2	65.6	69.6
<b>Total</b>	<b>1747.8</b>	<b>1193.8</b>	<b>68.0</b>

*Source: Karl Eller Graduate School of Management, College of Business and Public Administration, The University of Arizona, August 1995.*

The Phoenix-Mesa MA leads the state in non-farm employment in all sectors of the economy. The population to employment ratio is 42 percent in Arizona, and 46.2 percent in the Phoenix-Mesa MA.

Historical wage and salary job growth figures provided by the Arizona Department of Economic Security and Blue Chip Consensus Forecast for Metropolitan Phoenix demonstrate the cyclical nature of the region’s economy (see Figure 11). This is also reflected in the amount of population growth, annual construction job growth, single family and apartment permitting activity (see Figures 12, 13, 14, and 15).

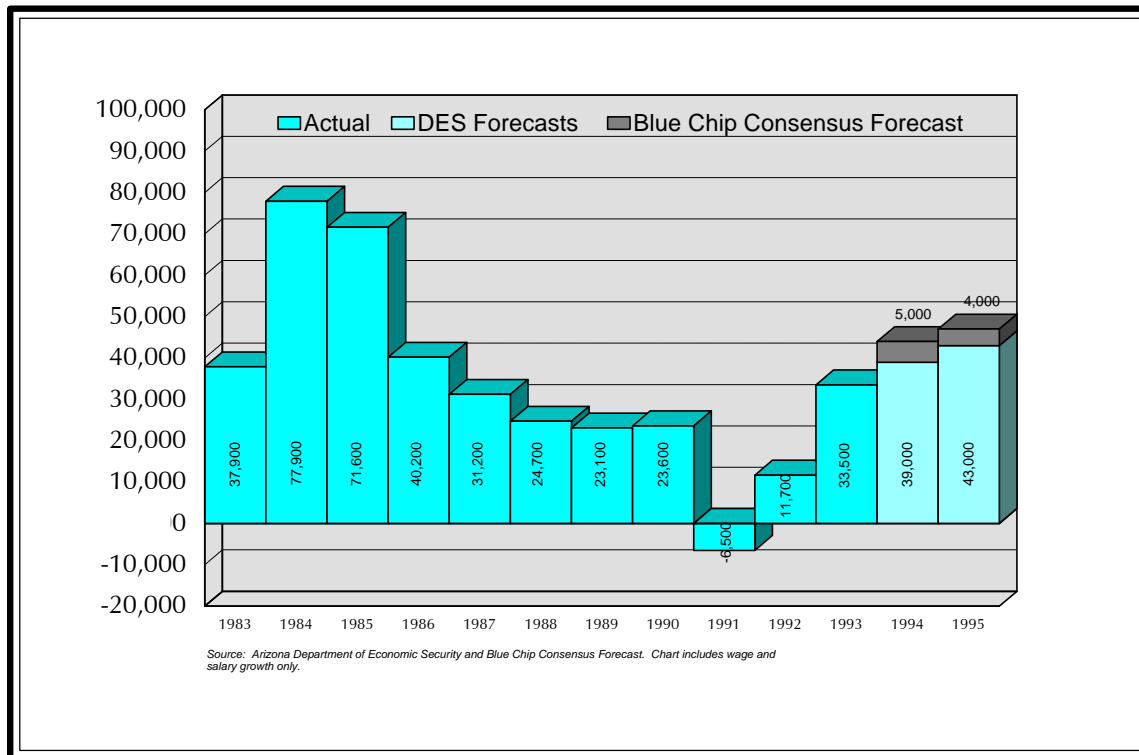


Figure 11: Metropolitan Phoenix Annual Job Growth

Economic indicators published by the University of Arizona (see Arizona's Economy, August, 1995) show that Arizona will gain 223,000 new jobs, approaching the 1.9 million mark by 1999.

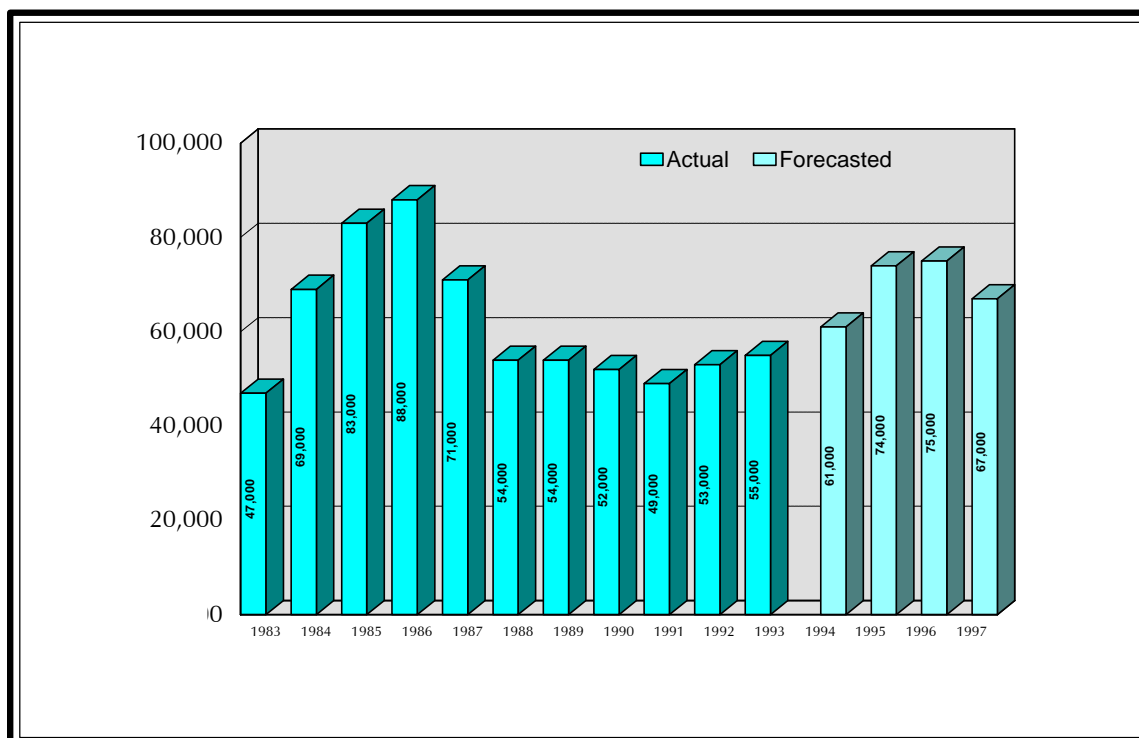


Figure 12: Metropolitan Phoenix Annual Population Growth

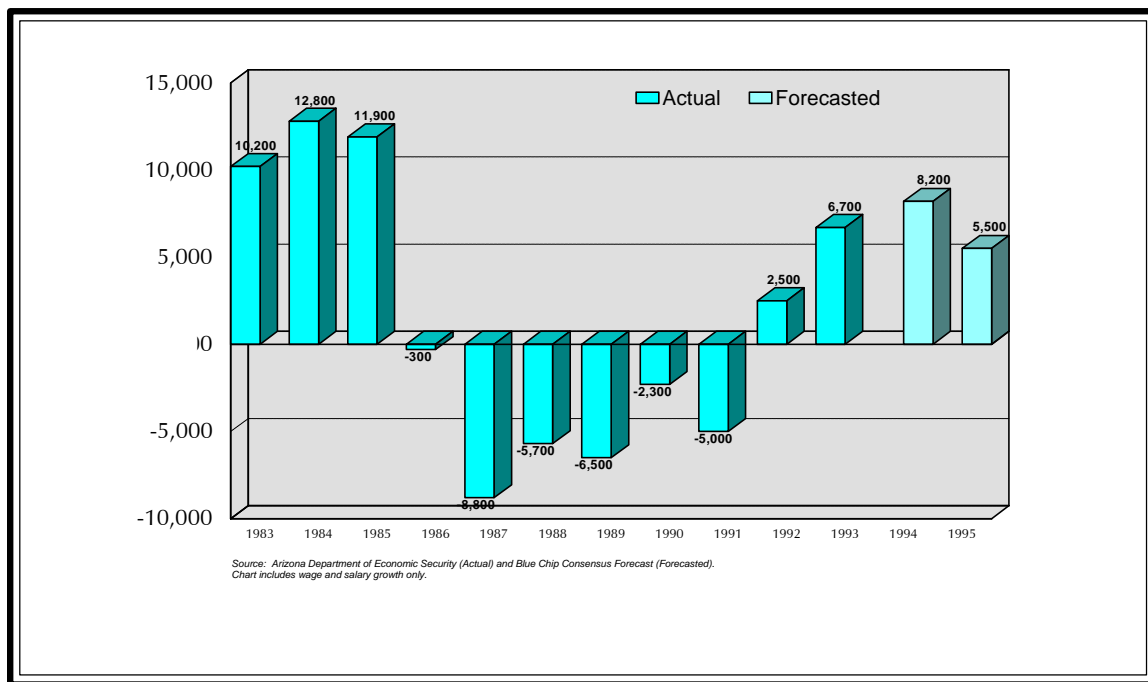


Figure 13: Metropolitan Phoenix Annual Construction Job Growth

The Phoenix-Mesa MA will experience decreases in wage and salary employment, from 7 percent in 1994 to 2.4 percent in 1999. The decreases will primarily be felt in the Construction and Manufacturing sectors. Other economic indicators show the following:

- The fastest growing industries in Arizona (as measured by employment) will be Services, with an average increase of 4.5 percent over the next five years, and Trade with 2.7 percent. Construction employment will remain unchanged over the five-year period and Manufacturing jobs will decline by 0.3 percent per year.
- Per capita personal income will rise at an average 4.1 percent per year in Arizona and 2.5 percent in the Phoenix-Mesa MA from 1994 to 1999. Per capita income in Arizona will approach \$23,500 in 1999; up from \$19,200 in 1994. Per capita personal income in the Phoenix-Mesa MA will grow from \$21,017 in 1994 to \$23,730 in 1999.

The long-term outlook for Arizona and the Phoenix-Mesa MA economy (year 2018) is promising, with steady economic growth:

- Wage and salary employment will expand to 3,555,000 in Arizona and 2,308,000 in the Phoenix-Mesa MA.
- Personal Income will increase from \$86 billion to \$416 billion in Arizona and from \$57 billion to \$241 billion in the Phoenix-Mesa MA.
- Retail Sales will expand from \$26.7 billion to \$146 billion in Arizona and from \$17 billion to \$80 billion in the Phoenix-Mesa MA.

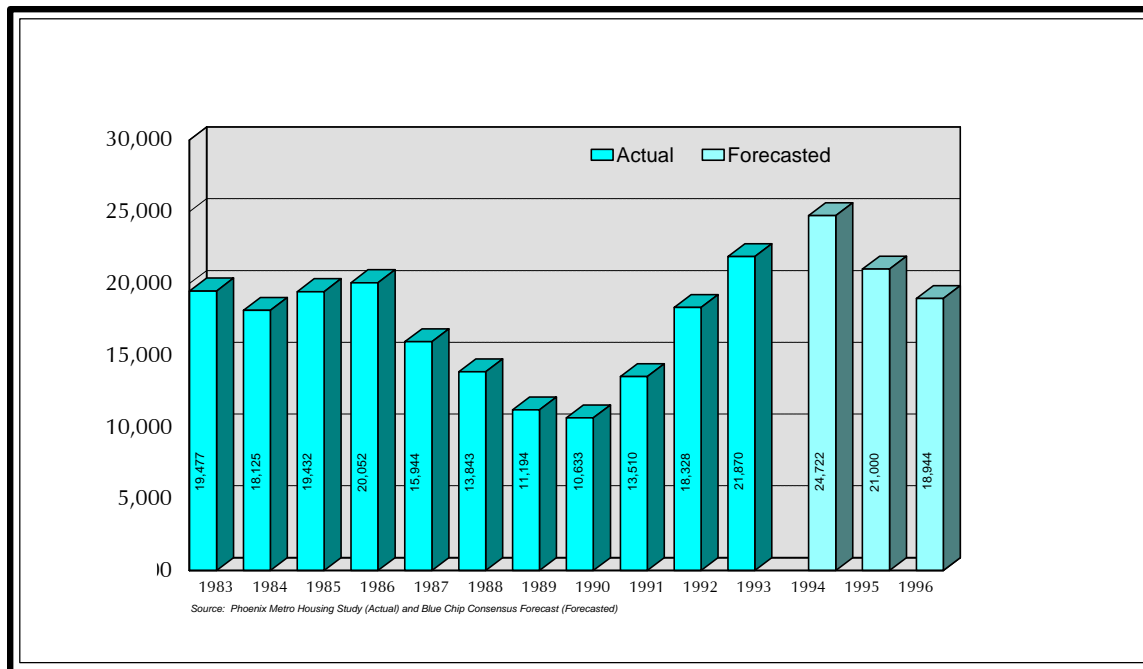


Figure 14: Metropolitan Phoenix Total Single Family Permits

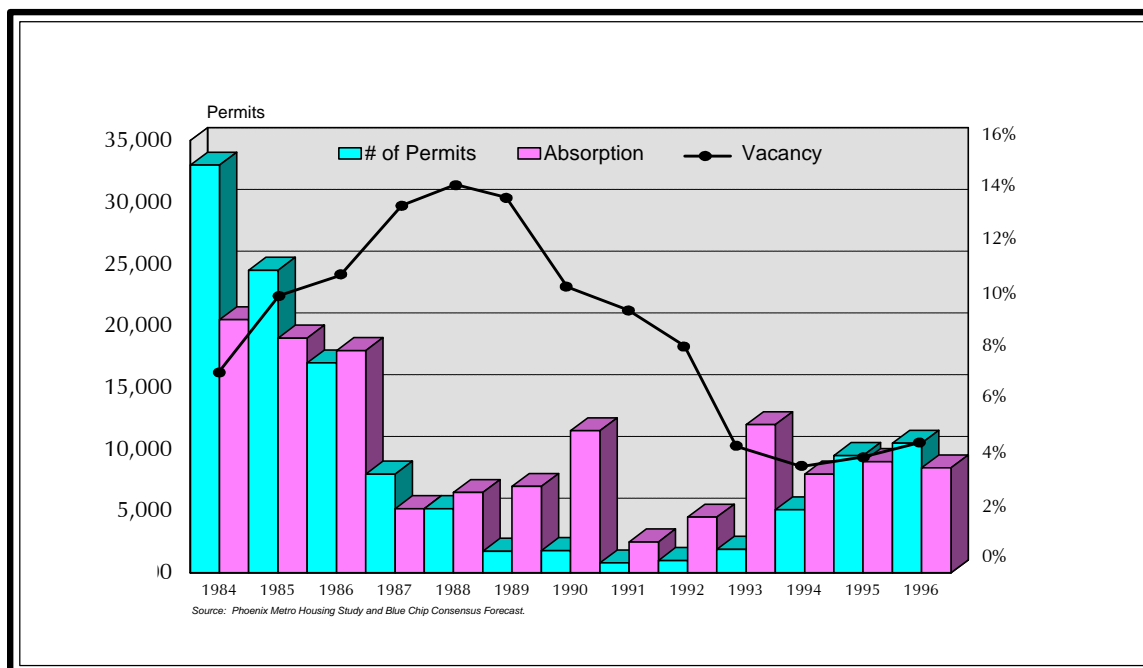


Figure 15: Metropolitan Phoenix Apartment Permitting Activity

### Planning Area Employment

The Planning Area's share of employment by place of residence was 4.6 percent of the county total according to the 1990 U.S. Census. This percentage is low considering that the Planning Area's share of county population was 8 percent in the same year. This is an indicator of the high share of retired persons in the Planning Area.

Employment by Industry figures for the Planning Area are closely proportional to the county's figures. However, the share of employment in the Construction and Educational Services is higher in the Planning Area than in the county (see Maricopa County Historical Overview and Population Background Report, 1995). Major Employment by Industry sectors in the Planning Area include Retail Trade (18%) and Manufacturing (11%). About 75 percent of the workers in the Planning Area are classified as "for profit wage or salary workers," or self-employed. Luke Air Force Base is a significant contributor to government employment in the region.

Employment by occupation figures for the Planning Area in 1990 show that 7,094 workers are engaged in Administrative Support Services; 6,137 workers in Precision Production, Craft, and Repairs; 5,800 workers in Sales; and 3,200 workers in Farming, Forestry and Fishing.

#### Growth Industries/Economic Clusters

The analysis of performance and growth projections of key economic clusters in Arizona and Maricopa County will help facilitate the design of policy to effectively guide and promote economic development in the Planning Area. The analysis shows growth in the following major economic sectors and clusters. Issues pertaining to the growth of each sector in Maricopa County and the Planning Area are identified.

#### Agriculture

The Farming, Forestry and Fishing sector is not a major employer in either Arizona or the county; however, this sector contributes to their economic diversification and it is an important income producer. Selected economic indicators for the sector, for both Arizona and Maricopa County show that:

- Arizona farms, ranches and independent agribusinesses employ around 100,000 people and have an estimated economic impact of \$2.7 billion a year. The value of farm exports of Arizona products was \$339.3 million in 1993-94, showing the importance of this sector to Arizona's economy. Total cash receipts from Arizona agriculture averaged \$1.94 billion from 1990 to 1994 (Arizona Agricultural Statistics Service, 1994 Arizona Agricultural Statistics). Maricopa County cash receipts from agriculture averaged \$625 million during the same period.
- The number of farms and ranches in Arizona totaled 7,400, amounting to 35.4 million acres. Maricopa County Assessors' figures listed 1,442 farms in the county in 1992, with a total acreage of 355,000 acres in 1995. About 20,000 acres of irrigated land were retired from production between 1991 and 1995 (1991 = 375,001 acres). The rapid loss of irrigated farm lands to urban uses and the need to protect and improve the farming sector's economic vitality in Maricopa County has serious policy implications for the Planning Area.

- Statistical figures provided in the 1994 Arizona Agricultural Statistical Report show the following acreage breakdown by crops produced in Maricopa County in 1994 (see Table 9).

Table 9 Maricopa County Crop Acres Farmed	
<i>Crops 1994</i>	<i>Acres Farmed</i>
Upland Cotton	128,800
Pima Cotton	9,800
Durum Wheat	29,600
Other Wheat	5,700
Barley	13,000
Corn for Grain	N/A
Alfalfa Hay	51,000
Other Hay	4,500
Potatoes	4,200
Vegetables	21,000
Grapes	2,435
Citrus	15,300
<b>Total</b>	<b>277,335</b>

Virtually all crop acreage in Arizona is irrigated and farm numbers and planted acreage are sensitive to the availability and cost of the most valuable resource of all to Arizona agriculture—water. Reduction of agricultural lands in the region’s arid environment has generally been assumed to involve a reduction in water usage per acre, although treatment of irrigation water to render it potable is costly.

Agriculture is also an important activity in the Planning Area. Most irrigated farmlands are located near the perimeters of Metro Phoenix in the “Interface Area,” extending from the southeast, to the west, and north/northwest with patches around the community of Aguila in the northwest, Tonopah/Harquahalla Valley in the west, Rainbow Valley, Gila Bend/Paloma Ranch/Arlington/Sentinel in the southwest (see Figure 16). Agricultural lands are rapidly being retired in the Southeast Valley. However, one can still find large parcels under agricultural production in the vicinity of Queen Creek.

Agriculture offers potential for agribusiness development in the Planning Area. Unlike Chicago, or Los Angeles, the region has not devised a plan to enable agribusiness to make a greater contribution to the local economy.

As described by Dr. Eric P. Thor, Arizona State University, School of Agribusiness and Environmental Resources, "in a population hub boasting the nation's eighth largest city, no centralized modern wholesale food commodity market and processing center exists," and "as a result of this oversight, many food consumables and commodities entering the state are routed to the nearest major processing center, Los Angeles, for processing, packaging and distribution" ( Maricopa County Regional Wholesale Trade Food Processing and Distribution Center, March 1994).

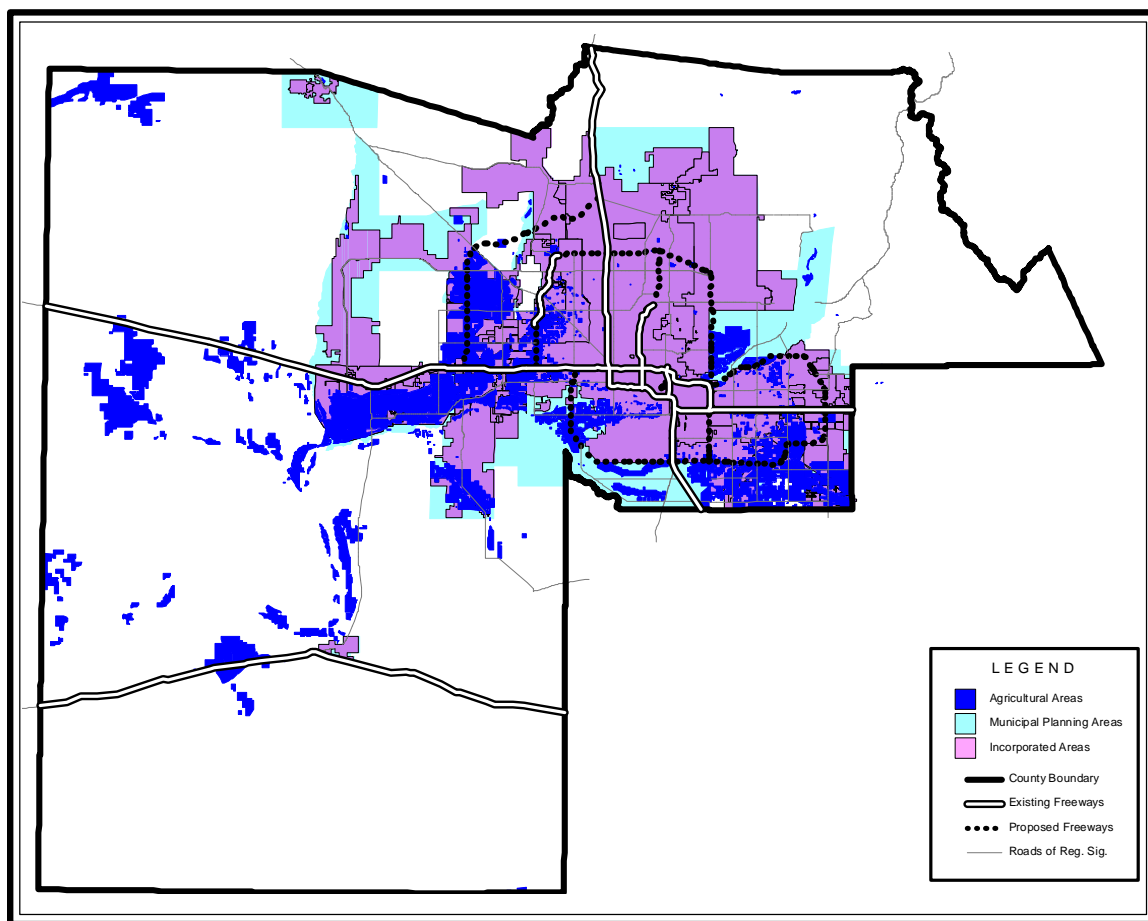


Figure 16: Agricultural Land Use

Accordingly, Nogales warehouses process 1.4 billion pounds of fresh fruits and vegetables imported from Mexico each year, and according to the General Accounting Office, 75 percent of produce consumed in the United States and Canada during the winter months is imported through Nogales. Produce and horticultural products are expected to be one of the largest growth areas under the North America Free Trade Agreement (NAFTA). Projected truck arrivals to Nogales after NAFTA in the year 2000 total 278,700, an 82 percent increase over 1990. Products produced in Maricopa County and products imported from Mexico could very well determine the necessity of regional wholesale trade food processing and distribution centers in the Planning Area. The feasibility of capitalizing on these opportunities for the region will need to be established.

## Manufacturing

With the advent of World War II, Metro Phoenix became a center for military training bases and the region began an industrialization process of great magnitude. Aircraft, metals and other manufacturing plants were constructed in the region. Manufacturing employment expanded from 33,600 in 1960 to 154,800 in 1995.

The manufacturing sector accounts for 13.1 percent of total employment in Maricopa County. This sector is widely diversified with resource-related processing, high technology, warehousing and distribution. The manufacturing sector in the Planning Area is practically non-existent, although over 12 percent of the labor force participate in Precision Production, Craft and Repair activities primarily in county incorporated areas (see Maricopa County Historical Overview & Population Background Report). The 1987 Census of Arizona Manufacturers listed 2,803 firms in Maricopa County out of 4,151 for Arizona. As of 1994, the largest manufacturing employers were: Motorola (17,962 jobs), Allied Signal (8,000 jobs), Honeywell, (7,600 jobs), Intel (4,300 jobs), McDonnell Douglas Helicopter (3,000 jobs), Revlon (2,000 jobs), Karsten Manufacturing (1,231 jobs) and Bull Information Systems (1,000 jobs).

A large number of the employment in the manufacturing sector is generated by high technology firms mainly engaged in the production of electronic components, aircraft and parts, computers, instruments, and telecommunications. The likelihood of high technology firms locating in the Planning Area is slim considering their propensity to locate in the vicinity of higher education institutions and in areas which provide amenities for employees.

The Planning Area's manufacturing employers include agribusinesses engaged in cotton ginning, food packing and distribution along with trucking services. The attraction of manufacturing enterprises to the region will hinge on the construction of industrial parks in areas supplied with regional infrastructure (e.g. freeways), the availability of affordable housing, labor supply, and the provision of amenities in the region.

## Tourism

This sector generates 270,000 direct and indirect jobs in Arizona and 150,000 in Maricopa County (Phoenix and Valley of the Sun Convention & Visitors Bureau, Tourism Insider, September, 1995). Tourism is an \$8.1 billion industry in Arizona. State taxes generated by the industry amounted to \$288 million in 1994. About 25 million people visit Arizona yearly. Metro Phoenix is a destination center for about 2.4 million of the state's visitors. Tourism attractions in the state are classified into those with "scenic" value and those considered "non-scenic." The most visited "scenic" areas in the state include the Grand Canyon, Glen Canyon, Lake Mead, Saguaro National Park, Canyon de Chelly, London Bridge, Petrified Forest, Sunset Crater, Lake Havasu and Slide Rock. The most attended "non-scenic" facilities include the Phoenix Zoo, Montezuma Castle, Rawhide, Arizona-Sonora Desert Museum, Old Tucson, Hubbell Trading Post, Arizona Temple Visitor's Center, Heard Museum, Biosphere 2, and Phoenix Art Museum.

None of the-above listed tourism attractions lie within the Planning Area. However, the region offers the possibility to capitalize on existing man-made and natural resources to expand its economy. Understanding the region's strengths and weaknesses is vital to the design of a strategy to expand the region's economy on the basis of tourism. Natural and man-made attributes the region offers include its vast Sonoran Desert; the Tonto National Forest; several county parks, wilderness and wildlife areas; lakes, streams and riparian basins; archaeological and historical sites; farms; and thermal springs. Man-made amenities include several golf courses within retirement communities and resorts. To fill gaps in capital infrastructure, facilities such as access roads/scenic roads, visitor centers, hotel/motels, bicycle paths, recreational vehicle (RV) parks, marinas, handicraft centers, and others will need consideration in future capital improvements programs. The strategy should also call for preservation of the Sonoran Desert, riparian habitat, archaeology, history, farms, and water resources, to maintain a viable economy on the basis of tourism development.

#### Services

Most retirement communities in the Planning Area are supplied with a comprehensive array of services. However, residents in the rural portion of the Planning Area must travel long distances for convenience, health, commercial and retail services, which the region lacks. Even incorporated rural communities experience retail trade leakage, as these must compete with major commercial centers which offer convenience, volume, variety and lower prices. Existing commercial districts such as the one in Aguila must undergo revitalization to provide a better environment and convenience to its costumers. It is conceivable that new factory retail outlet malls, automobile and service stations, eating and drinking places will be deployed in the Planning Area. Also, commercial developments in self-contained master planned communities are likely to occur and should be encouraged.

#### Planning Area Income Levels

Income figures vary throughout the Planning Area. The propensity is for family incomes to be higher in the north, northeast, east and southeast portions of the Planning Area, in descending order; and lowest in the west, north west and southwest portions of the Planning Area.

## GOVERNMENT/ECONOMIC FOUNDATIONS

The economic development environment in Arizona is influenced by a myriad of actions of government and the private sector. Government intervenes with planning, technical assistance, financing, the deployment of physical infrastructure, research, sales of properties, tax policies, labor training and education, among others. The private sector intervenes in the direct investment of capital in buildings and equipment, the production, processing and transport of materials, products and services, technology innovations, research, and others.

Economic planning remained an elusive function in Arizona until recently. At the initiative of a variety of individuals and organizations, the State Legislature enacted the Omnibus Economic Development Act in 1989, directing the Department of Commerce to assess Arizona's business climate and draft the first statewide strategic economic development plan. This effort culminated in the design and publication of Arizona's Strategic Plan for Economic Development (ASPED) in October of 1992. To implement ASPED, the Governor's Strategic Partnership for Economic Development (GSPED) was established.

GSPED identified ten key economic clusters upon which to build and expand Arizona's future economy:

- |                                   |                           |
|-----------------------------------|---------------------------|
| 1. Bioindustry                    | 6. Optics                 |
| 2. Environmental Technology       | 7. Software               |
| 3. Food, Fiber & Natural Products | 8. Tourism and Experience |
| 4. High Tech Industry             | 9. Transportation         |
| 5. Mining & Minerals              | 10. Senior Living         |

As defined by ASPED, an economic cluster is a geographic concentration of competitive firms in related industries that do business with each other. Clusters include companies that sell inside and outside of the region as well as support firms that supply raw materials. These become powerful magnets for companies to locate in an area and create a spawning ground for start-up companies. Also, these create large, diverse pools of experienced workers; attract suppliers who tend to congregate in their vicinity for increased efficiency; and foster a competitive spirit that stimulates growth and innovative strategic alliances.

Through the process begun by ASPED, seven foundations were identified and established to provide the support and infrastructure to implement cluster strategies and priorities:

1. Human Resources
2. Capital Resources
3. Quality of Life
4. Technology
5. Tax & Regulation
6. Information & Communication Infrastructure
7. Physical Infrastructure

Foundations help clusters become more competitive, enabling businesses within the clusters to grow while creating wealth for the community from new jobs, taxes and purchases. The ASPED process recognized that to realize that quality of life, social and economic opportunities all depend on the vitality of Arizona's economy. In turn, a strong economy generates resources to strengthen these foundations. The foundations contribute to the creation of a new economic environment in Arizona, through the effective management of a transition from an economy driven by population growth to an economy that prospers by adding value to product and service through innovation and higher productivity (ASPED, Creating a 21st Century Economy, Volume I: Strategic Plan, January, 1992).

The activities of GSPED will be of benefit to the economic growth of the Planning Area. In particular, those related to Food, Fiber & Natural Products, Environmental Technology, Tourism & Experience, Senior Living, and Transportation & Distribution, will benefit because of the capabilities and strength of their key economic sectors.

The Arizona Department of Commerce (ADOC) is the key agency responsible for marketing and promoting the economy of Arizona while providing support to GSPED in implementing cluster initiatives. ADOC markets Arizona at the international and national levels. ADOC has established trade offices in Phoenix, Arizona, Surrey, England, Taipei, Taiwan, Tokyo, Japan, Mexico City, and Hermosillo, Mexico. Targeted foreign countries are Arizona's key trading partners, along with Canada. Maricopa County recorded \$4.4 billion in total world exports in 1993; a little over three-fourths of Arizona's total of \$5.8 billion for the same year. Primary products exported are electric and electronic equipment, industrial machinery, and transportation equipment.

GSPED and ADOC work to enhance Arizona's business climate as it is extremely critical to the attraction of capital investment and quality jobs to the region. Improving the business climate is also fundamental to the formation of new entrepreneurships and business expansions.

Arizona offers a vast array of targeted incentives to promote economic development in the region. The state competes with other regions at the national and international levels for quality jobs and capital investment. State incentives to industry undergo close scrutiny under state guidelines. The practice of offering government incentives to businesses is often criticized. However, the fierce competition for economic growth among states and communities contribute to the necessity for incentives at State and local levels. The argument against tax giveaways is that incentives often enrich the corporations that receive them, or that these are not equitable and fair to existing businesses. As described by William Fulton, tax abatements may keep a plant or a store open for a few years, but business is business, and local governments can't control all the forces - markets, pricing, competition, even currency fluctuation - that affect a private company's decision to close a store or a plant (see The Sadness of the Giveaway, Governing, August, 1995, p. 78).

The foundation for the State's business incentives policy was laid in a report produced by the Morrison Institute for Public Policy (see Comparative Analysis and Guidelines for an Arizona Incentive Policy, October, 1993). The Institute examined six general categories of incentives: financial assistance, job training, small business development, community economic development, research and economic development support, and other services and assistance. The Institute concluded that incentives can be good public policy in certain circumstances and under certain conditions, within the following parameters:

1. That incentive programs and decisions be made on the basis of an overall economic development strategy so that incentives are used to accomplish clearly defined goals (e.g., quality jobs, plant modernization), and not just to win competitive bidding wars for companies.
2. That guidelines (and organizations) be agreed upon for analyzing the costs and benefits in both the short and long term.
3. That, to the extent possible, incentives be configured so that they act as investments in the state and citizens, thereby retaining their value even if the recipient business leaves.
4. That businesses receiving incentives be held accountable for their performance.

Of particular interest to the future growth of the Planning Area will be those programs and incentives administered through the Arizona Department of Commerce, as these may fulfill a basic need, or may help in the promotion of economic and community development. The following programs may be considered in implementing the economic development strategy for the Planning Area.

#### State

The Commerce and Economic Development Fund. The Arizona Legislature established the Commerce and Economic Development Commission (CEDC) to help expand economic opportunities in the state. A CEDC fund capitalized yearly with a percentage of lottery proceeds was established by the Legislature to help retain, expand, and relocate businesses to Arizona. The CEDC funds are administered by ADOC. Direct loans, loan guarantees and interest rate subsidies are directed by the CEDC to businesses. Priority consideration is given to businesses seeking to relocate and expand in rural and economically disadvantaged areas and to minority and women owned businesses. All allocations are made on a first-come, first-served basis.

**Arizona Exporters Loan Program.** This is a pre-export financed program established through the CEDC and operated by ADOC. The program is available to small businesses wishing to borrow funds on a short-term basis (less than one year) for purchase of inventory and raw materials prior to export shipment, for operating costs relating to the manufacture of an Arizona product for export, and the purchase and installation of machinery and equipment related to the production of the Arizona product for export. The program provides guarantees of 85 percent of a loan made through commercial lenders. The International Trade and Investment Office provides counseling, workshops, seminars and trade shows to help increase the export of Arizona products and services and to attract foreign investment to Arizona.

**Work Force Recruitment and Job Training Program.** The Arizona State Legislature established the work force recruitment and job training fund in 1993 to provide customized training to firms that create new jobs in Arizona and to businesses that undergo economic conversion. Grants are administered by ADOC and offered to financially sound, for-profit enterprises. Those firms identified within the GSPED clusters receive priority consideration. The grants cover the cost of recruitment, screening, assessment, interviewing, materials design, and training costs, among others. Training is provided through established community colleges, or private post-secondary educational institutions, or other qualified providers, as requested by the company.

The Arizona Business Connection operated through ADOC provides assistance in business expansion, relocation, and start-ups. The office is a resource for information regarding licensing, permits, applicable taxes, applicable regulations, and financial referrals to local, state and federal agencies, as appropriate. Small businesses established in the Planning Area can access and benefit from these programs.

**Private Activity Bonds,** which can be issued for industrial, manufacturing facilities, and equipment, and such other activities as housing. In Maricopa County, bonds can be issued by the Industrial Development Authority of the County of Maricopa (see County programs below).

**Enterprise Zones** (see Maricopa County programs below).

**Revolving Energy Loans.** Under this program, qualified Arizona companies can receive financial assistance for long-term, fixed-asset plant expansions for the manufacture of energy-conserving products and energy-conserving building retrofits, including the acquisition of qualified energy-conserving improvements and equipment.

**Environmental Technology Tax Incentive Program.** Under this program, Arizona offers tax credits and exemptions to companies that invest \$20 million over five years in manufacturing technology that produces goods from recycled materials and renewable energy.

**Defense Restructuring Assistance Program.** Under this program, defense contractors can receive individual and corporate tax credits for conversion of defense activities to commercial activities.

**Economic Strength Fund.** This program approved by the Arizona State Legislature provides private non-profit and/or local government financing for highway or road projects which retain or significantly increase jobs in Arizona, or which lead to significant capital investment, or which make a significant contribution to the economy of the State.

**Arizona Enterprise Development Corporation (AEDC) Loan Programs.** AEDC offers several types of Small Business Administration (SBA) Guaranteed Loans to small businesses including: SBA 504 and SBA 502 fixed asset subordinated loans, SBA 7A working capital and debt refinance, and bridge loans for land, building acquisition, inventory or equipment.

**Rural Economic Development Initiative (REDI) Program.** This program, a part of ADOC Community Assistance Services, offers specialized services and funding assistance in the form of matching grants to rural communities. The communities use the assistance to maintain viable economic development programs and to make themselves more attractive for capital investment, industrial expansions and business locations.

**Community Facilities Districts.** Arizona's Community Facilities District Act, allows a landowner or a group of landowners to request by petition that a municipality establish a community facilities district within the city limits to finance and construct public infrastructure and facilities. The district provides developers and cities with a new and flexible mechanism to deal with the rising costs of new community facilities. Several financial options are available to construct and maintain infrastructure, including: General Obligation Bonds, Revenue Bonds, Special Assessments and Assessment Bonds, Ad Valorem Taxes, Uses Fees and Charges, Municipal and Private Contributions. The type of projects that could be funded include: water and sewerage storage, flood control and drainage, lighting and traffic control, streets and parking, police and fire facilities, public buildings, school sites and facilities, parks and recreation among others.

#### State Lands

The Arizona Lands Department administers 9.6 million acres of State Trust lands. These lands are available for lease, purchase, or exchange as prescribed by the Arizona State Legislature for commercial or domestic purposes; grazing and agriculture; or mineral, oil and gas purposes.

Commercial leases in urban areas cannot exceed 65 years and must be secured at public auction. The trade, sale or lease of these lands may trigger the development of new communities in the Planning Area. State lands are considered "suitable for urban planning" when projects or developments encourage infill, and when the quality and quantity of water resources needed for development is available. Further, the development must be consistent with local goals and policies.

Other Arizona programs that may offer potential for economic development are those offered through the Department of Environmental Quality (DEQ) Revolving Loan Funds, the Arizona Department of Tourism, and the Arizona Film Commission.

## Federal

Over the years, the Federal Government has introduced a vast array of programs that local jurisdictions can use to improve their economies and neighborhoods. These programs range from specific development projects for rural and urban development to job training. While the breath and funding of federal programs is always subject to changes in national policy and emphasis in Washington D.C., local communities can make themselves aware of opportunities and where possible participate in those programs. The following is a list of federal programs and agencies which offer the most potential to promote development in concert with the attributes of the Planning Area.

**Small Business Administration Loans.** These programs are offered through the state of Arizona (see above).

The Rural Economic and Community Development Service, and the Consolidated Farm Services Agency, formerly the Farmers Home Administration (FmHA), provide a vast array of programs including guaranteed loans and grants to rural areas for water/waste water facilities, community facilities (e.g. fire and rescue or health facilities, schools), business and industrial loans.

**Economic Development Administration (EDA) Public Works Grants.** The EDA programs are directed to the funding of public work and development facilities that contribute to the creation or retention of private sector jobs and to the alleviation of unemployment and underemployment. EDA funds could facilitate the construction of industrial parks in freestanding communities such as Aguila or Gila Bend in the Planning Area.

**Community Development Block Grants (CDBG).** Maricopa County is an entitlement jurisdiction composed of 17 incorporated cities and towns, about 15 unincorporated communities, and other unincorporated jurisdictions, for purposes of the CDBG program. The purposes and availability of these funds are discussed under County programs (see below).

## Maricopa County

Maricopa County has been limited by state statutes in its ability to be at the forefront of economic development. Within state limitations, Maricopa County promotes economic and community development in its jurisdiction through a variety of actions and programs. A majority of those programs impact economic development in the Planning Area.

The County Office of Economic Development (OED). This office, a component of the county's Planning and Infrastructure Development Department, provides planning and administrative support services to the Western Maricopa Enterprise Zone (WMEZ). The OED prepares the county economic development plan and strategies; provides technical assistance in economic capacity building to small communities in the county; facilitates technical and financial support to small businesses; coordinates economic development activities with business allies; administers county grants awarded to economic development non-profit agencies; and responds to and directs business leads to business prospecting agencies and communities.

**Community Development:** Entitlement funds (CDBG funds) received through the US Department of Housing and Urban Development are utilized to support housing, community, and economic development activities in certain incorporated and unincorporated jurisdictions of the county. Proposed activities include financing of economic development projects, downtown revitalization, public works, community facilities, public services, neighborhood revitalization and planning. Funds are allocated on the basis of area benefit to areas with high concentrations of low and moderate income families, or directly benefit low to moderate income families or individuals.

Maricopa County and the cities of Chandler, Glendale, Mesa, Peoria, Scottsdale, and Tempe, participate in the Maricopa HOME Consortium. The Maricopa HOME Consortium was formed to plan and implement strategies designed to address community, housing and economic development needs in the jurisdiction's areas. The Maricopa HOME Consortium Consolidated Plan FY1995-FY1999 identified 257,386 people living in poverty in Maricopa County in 1990. The following general goals for economic development and the reduction of poverty were adopted by the HOME Consortium:

- Assure a healthy rate of economic growth that increases diversity in employment opportunities.
- Sustain economic growth with a balanced emphasis on expansion of existing businesses, attraction of new businesses, and strengthened international markets.
- Link high quality primary and secondary education with responsive work force training and sophisticated academic research.
- Build a consistent development review process that is clear, user-friendly, stable, timely, and responsive to private sector needs.
- Ensure a capacity and quality of physical infrastructure sufficient to meet the needs of current and future residential, commercial, and industrial development.

Using this common set of general goals, the Maricopa HOME Consortium established the following specific goals and objectives as part of their economic development and anti-poverty plan:

- GOAL 1. Promote economic development. Be a catalyst in building a vibrant, sustainable, and environmentally responsible economy.
- GOAL 2. Expand economic development opportunities. Ensure that the new economic opportunities that development creates are accessible to the less advantaged communities, to the poor, and the chronically unemployed.

The plan calls for continuing the Maricopa County Office of Economic Development, and county support for the Western Maricopa Enterprise Zone. The design of an economic development strategy designed to address unemployment and poverty in Maricopa County is also advocated.

The goals and objectives of the Maricopa HOME Consortium for economic development will be considered in the design of this economic development element. Annual allocations of CDBG funds by the Federal Government to Maricopa County will help meet eligible activities in Planning Area communities.

Western Maricopa Enterprise Zone (WMEZ). Maricopa County provided the leadership in establishing the WMEZ. The WMEZ was established under State of Arizona Enterprise Zone Laws to facilitate the generation of quality jobs and the investment of capital in the most distressed areas of Maricopa County. The WMEZ covers over 5,600 square miles and it impacts the Planning Area (see Figure 12). A commission of representatives from 14 political jurisdictions oversees the business of the Zone. The Maricopa County OED provide administration services to the program. Under this program, businesses benefit from income tax credits for eligible jobs created. Eligible manufacturing firms benefit from reclassification of property taxes, from Class 3 to Class 8, for a \$2 million minimum investment of capital in fixed asset in the Zone. Reclassification guarantees savings of 80 percent in State property taxes to a manufacturing firm for a period of 10 years from the time of the investment.

The Maricopa County Minority/Women Owned Business Enterprise (M/WBE) Program ensures that small and minority businesses have opportunities to participate in Maricopa County contracts.

Industrial Development Authority of the County of Maricopa (IDA). The IDA was established by Maricopa County to facilitate financing through the issuance of tax exempt "private activity bonds" for manufacturing, infrastructure, medical, and residential developments. Industrial Revenue Bonds are generally limited to land, building, and equipment for manufacturing purposes. Those bonds are capped at \$10 million. The proceeds from the sales of bonds are made available to finance projects under loans, leases, or installment sales agreements with private credit-worthy companies.

## ECONOMIC TREND ANALYSIS

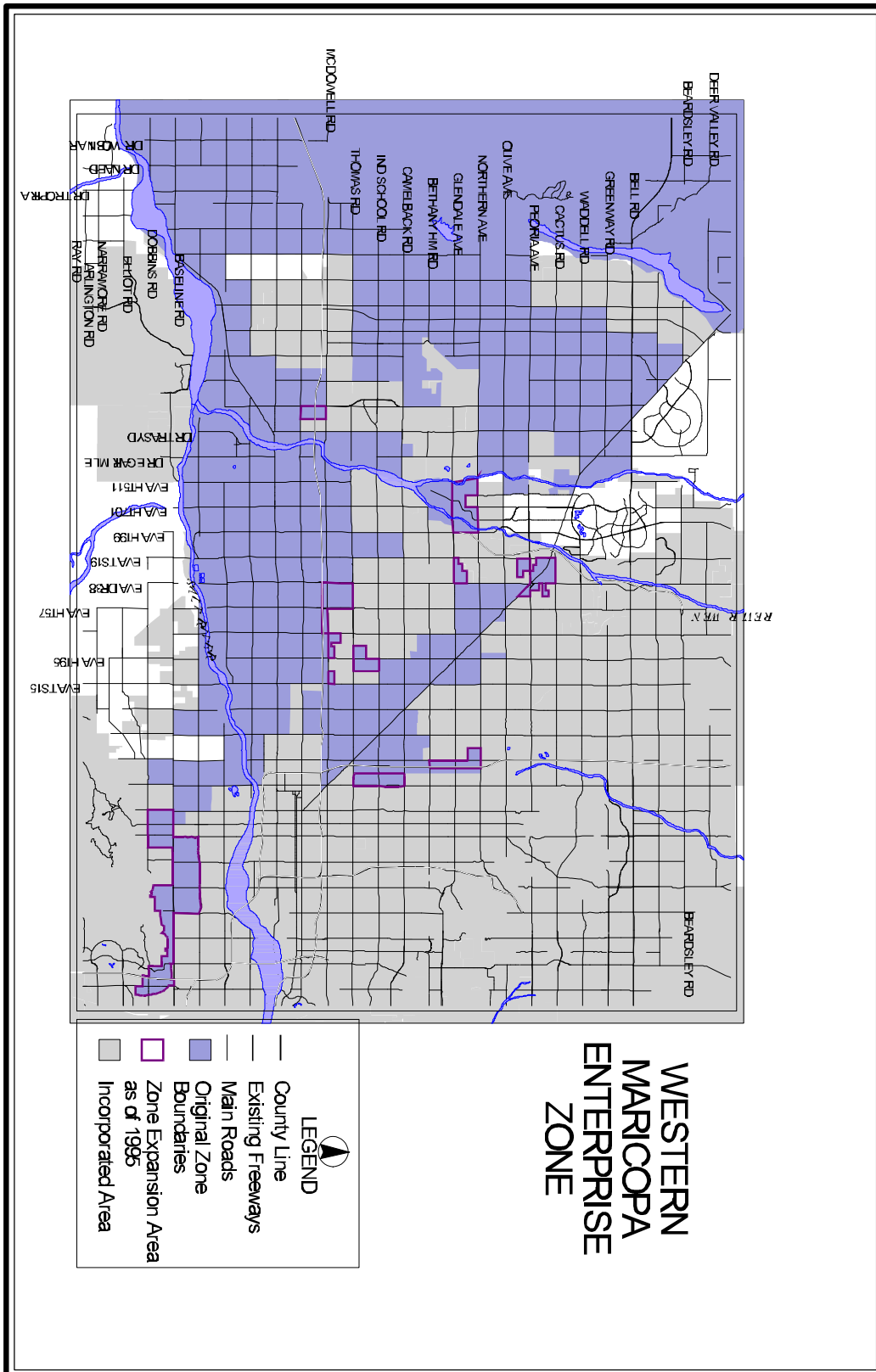


Figure 17: Western Maricopa Enterprise Zone

Payments are used to pay the principal and interest on the bonds as they become due. Interest rates are normally three to four percent lower than those charged through conventional borrowing. The Maricopa County IDA has closed over 170 bonds with an accumulated total of \$1.5 billion since 1976. IDA financing has netted 13,000 new direct jobs in manufacturing, health care, and construction, the addition of 4,300 new hospital beds; and financing of 5,500 housing units.

Small businesses can take advantage of lending provided by the IDA's Capital Access Program. The program makes financing available through banking institutions by helping reduce their risk on loans to small businesses. Accordingly, when a small business is close to meeting a bank's underwriting criteria, the program reduces any remaining risks and makes financing possible. IDA underwriting abilities should benefit the Planning Area primarily in support of capital infrastructure, manufacturing, and health related activities.

Maricopa County Stadium District. The District was established by the Board of Supervisors to facilitate the financing of sports activities, primarily, Cactus League activities. Beneficiaries of \$35.9 million in funding have been Tempe (Tempe Diablo Stadium), Phoenix (Phoenix Municipal), Peoria (Peoria Sports Complex), and Chandler (Compadre Stadium). Stadium District financing of \$253 million is facilitating the construction of a major baseball league franchise stadium in downtown Phoenix.

Flood Control District of Maricopa County (FCDMC), Library District, Transportation, Parks and Recreation, and Planning and Infrastructure Development Department. Activities of these agencies, districts and departments will affect the economy of the Planning Area, as these influence the rate and direction of growth within the parameters of planning, capital improvements, regulation, and development permit processes. Activities of Maricopa County Private Industry Council (PIC) will also be a factor to consider in the economic development of the region as these address the labor needs of employers through the federally funded Job Training Partnership Program (JTPA).

Business Allies. Maricopa County's financial support of non-profit economic development entities operating in its jurisdiction contribute to the attraction, location, and relocation of businesses, the promotion of conventions and tourism, and procurement of contracts from government for the benefit of small businesses established in the region.

Dollars awarded to the Greater Phoenix Economic Council help improve the business climate, and attract new employers to the area. Activities of the Phoenix and Valley of the Sun Convention and Visitors Bureau, supported in part by the county, result in bookings of hotel rooms and conventions with impact of several million dollars to the local economy. Activities of the Phoenix Chamber of Commerce, BID Source Program (also supported in part by Maricopa County), results in millions of dollars of new contracts for small businesses in the county. Activities of these organizations will bear consideration in the design of the economic development strategy for the Planning Area.

Activities of local government will impact the development of the Planning Area. Local governments in Maricopa County, individually or in association, promote local and regional economic development. The state grants municipal governments the power to engage in economic development. Those powers allow local governments to provide the leadership, energy, and perspective to bring together the different segments of the community. Powers that local governments have to influence economic development include land assembly through land banking; land write-downs and eminent domain powers; zoning; floor area ratio bonuses; transfer of development rights; density bonuses; direct financing of infrastructure; labor training; expedited plan approvals; tax abatements; reductions in permit fees; redevelopment; and others.

Finally, one of the most critical pieces in the puzzle, fundamental to the building of foundations for economic development is the private sector, the non-profit sector and the role that educational institutions play in community and economic development.

The private sector consists of local lenders, developers, investors, builders and contractors, professionals, chambers of commerce, professional and business associations, and the utilities. The non-profit sector involves colleges and local universities, community based organizations, economic development corporations, neighborhood groups, and private foundations.

## ISSUES AND TREND ANALYSIS: POLICY IMPLICATIONS

This section presents a summary of the findings and issues pertaining to the growth of the region and their implications for planning and decision making pertaining to Maricopa County's Comprehensive Plan. Suggestions are made for topics where public-policy discussions may be warranted.

### Historical Trends/Demographics

- Historically, Maricopa County's economy has jumped forward with significant leaps and bounds. The county is one of the fastest growing metropolitan regions in population and ranks as one of the top ten major labor markets in the U.S. Additionally, the county is a leader in construction and manufacturing jobs in the U.S. The county will continue to be the center of Arizona's growth, and the region's economy will continue to expand due in part to continued in-migration of people and industry. This growth is the result of the region's favorable image as a winter resort and recreation center, its warm climate and relaxed southwestern style, lower labor costs, low construction costs, favorable labor laws, and minimal government regulations. The presence of high technology operations such as Motorola, Honeywell, Digital, McDonnell Douglas, Intel, and others add to the lure of compatible aviation, aerospace, and semiconductor facilities to the region. While one can be optimistic about its future growth, the Phoenix Metro Area will continue to play second position in a regional economy to such competitive markets as Los Angeles (see comments below).

## Institutional

- The region is subject to cyclical changes in its economy accentuated by changes in the U.S. and world economies. Of particular importance to the region are policies oriented to the downsizing of the military sector and reductions in funding of entitlement programs. These changes are already being felt after the closure of Williams Air Force Base and changes in the funding of federal programs for housing and community development. These changes are difficult to anticipate but must be considered in planning decisions by Maricopa County.
- The likelihood of annexations of Interface Areas by local governments within the time range of the Comprehensive Plan is high and should be considered in planning decisions. The history of incorporations and annexations by municipal governments in Maricopa County reinforces this contention.
- The sale or trade of State and Bureau of Land Management (BLM) lands and their utilization for urban purposes is a strong possibility in view of the fact that the State has an aggressive program of selling and leasing lands. BLM's recent trading of large parcels of land resulted in the development of the Estrella master planned community in Goodyear and master planning for the vast Sun Valley community in Buckeye. A parkway was built to serve Sun Valley, with housing developments planned for future construction in years to come. Future trades and sales of public properties by these agencies will need to be anticipated through coordination of planning decisions. On the other hand, if it is concluded through the comprehensive planning process that BLM's current policy of selling land to the highest bidder is not good public and planning policy, then efforts may be necessary to change that policy.
- Municipal infill and redevelopment policies may have the effect of a reduction in the flight of people and industry to the suburbs, but trends show that industry migrates to the suburbs regardless of local policies pertaining to infill (e.g. Microchips in Phoenix, Walmart in Buckeye).

Discouraging urban sprawl and promoting the infill of central business districts will require a greater understanding of industry needs, cooperation, and coordination of policies among jurisdictions in the region to anticipate and guide changes.

- The construction of projects of regional significance in the Planning Area, such as regional airports, freeways, rail, jails, waste disposal facilities, and the potential decommissioning of the Palo Verde Nuclear Generating Station within the time range of the Comprehensive Plan may influence the direction of future growth in the Valley, and will need to be anticipated.
- Compliance with Federal and state laws (e.g. water laws, air pollution laws) and changes in technology will pose significant challenges to the region as these will continue to influence development forms, intensities and directions.

Transportation and communication systems must also anticipate technology changes and meet new requirements under Federal and state laws. This implies serious planning considerations which may be difficult to anticipate in the Comprehensive Plan.

- Changes in business incentives policies which favor particular regions or a select type of industry should be considered. Arizona encourages the investment of capital and jobs creation through enterprise zones legislation.
- The approval of home rule by the voters will have a long-lasting effect in the region, as the powers of the county will be redefined. Anticipating changes in its powers will be important to the design and implementation of the Comprehensive Plan.
- Changes in government/private sector initiatives in marketing the region to attract added job creating enterprises, investment of capital, and tourism will have an effect in the type and intensity of development migrating to the Planning Area.
- State actions to implement its economic development strategic plan (ASPED), which result in fundamental changes in the economy of the county should be considered in the Comprehensive Plan. Arizona faces an economic crossroads with a choice between two divergent paths:
  - An innovation-driven economy that creates quality jobs by competing on the basis of value added and productivity across all of its economic clusters, and with its identified foundations based on quality human resources, accessible technology, capital availability, advanced physical and information infrastructure, stable tax and regulatory environment, and a high quality of life.
  - A population-driven economy that relies primarily on cost advantages to attract people and industries. The foundations of this economy are low-cost land and labor. Although jobs are created, incomes do not keep up with national trends, and quality of life is threatened.

Arizona chose the first path by completing its first comprehensive economic development plan (ASPED) in 1991 and by establishing the Governor's Strategic Partnership for Economic Development (GSPED). GSPED embodies an unprecedented public-private partnership with the mandate to build and strengthen the foundations for a competitive economy in Arizona. The second path was deemed not desirable as it would have only resulted in lower standards of living for Arizona residents (ASPED, Creating a 21st Century Economy, Volume I: Strategic Plan, p. I-3).

## Economic

- The county is not resilient to external factors that influence its economy and it is not yet a major economic player in the region. The county will continue to be subjected to shifts in the intensity of industry in-migration from outside its boundaries. Much of the county's manufacturing growth in the last few years resulted from companies relocating or branching out from states such as California, but one cannot expect that trends will continue, as California is actively directing policy designed to retain its industries and its leadership in a worldwide economy. California/Los Angeles will continue to function as the command and control center for the Southwestern U.S., a function based on its supremacy in those areas which metro Phoenix trails - banking, corporate headquarters, foreign trade, cultural facilities, and media of national prominence (see Neil R. Peirce, *Citystates, How Urban America Can Prosper in a Competitive World*, Seven Locks Press, 1993).
- International trade competition challenges. Arizona's industries must now compete worldwide on the basis of both cost and quality, with competition and opportunity coming in many forms: importing, exporting, foreign direct investment, joint ventures, and technology transfer (Ibid, ASPED, p. II-3). Opportunities for trade with Mexico and Canada are expanding under the North American Free Trade Agreement (NAFTA). However, currency instability and the weak economies of trading partners can cause dislocations in local economies. These shifts need to be overcome through diversification programs in regional economies.
- The Planning Area contains valuable natural resources which offer potential for further expanding the region's tourism, recreation, and agribusiness sectors. As an example, Lake Pleasant, when fully developed, will become a mecca for recreation and tourism in the region. Agriculture is one of the key industries in the Planning Area. This sector has been recognized as a growth cluster in ASPED. The Agribusiness Opportunity Cluster is tied to the Governor's Strategic Partnership for Economic Development. The vision of this cluster is to continue to contribute to the strength and diversity of the Arizona economy, particularly in the rural areas of the state, with Arizona becoming the gateway for international trade in agricultural products with Mexico and the Pacific Rim Countries (Agri-Business Opportunity Roundtable, Arizona Agri-Business Opportunities, p.12).

A foundation has been established to promote the expansion, startup and attraction of agri-businesses in the state.

The attraction of processors and distributors of agriculture, horticulture, and nursery products is envisioned, as well as the start up of companies in biotech manufacturing, arid land products, specialty food products, and water-delivery systems.

The deployment of these projects will have significant effects in employment and land uses in the Planning Area. Activities of GSPED and economic development foundations in Maricopa County will also see increased activities in other key economic clusters in the Planning Area, in particular, Transportation/Distribution and Tourism.

- The driving force of the county's economy has traditionally been driven by land speculation, warm climate, low cost of living and industrial expansion. Neal Peirce alludes that Phoenix is a classic branch town, with few, if any corporate headquarters. In fact, many of its industries are subsidiaries of companies headquartered elsewhere. These add to the area's vulnerability because of restructuring, plant relocations, and adverse development from mergers and acquisitions. Phoenix and its sister cities suffer from the branch-town syndrome perhaps more than any other metropolitan area of America (Ibid, Neal Peirce). Peirce implies that the potentially powerful decision makers are simply not present, with the result painfully clear. The cyclical nature of our economy is at issue. A slump in the commercial and new-home construction business generates a domino-like effect to the area's economy as the region has yet to learn how to manage under static or declining conditions. Foreign competition also adds to the instability of the economy in that a large number of the region's high-tech jobs are in the type of low-wage, run-of-the-mill assembly jobs which could be lost to overseas plants (Ibid, Neil Peirce).

#### Public Attitude

- Planning decisions must take into consideration the perceptions and attitudes of residents in the Planning Area. In the Planning Area, residents tend to favor minimal government intervention. However, attitudes vary within each region of the Planning Area. Public perception of local attitudes towards development will be a factor in industry attraction to the Planning Area. Many of the retirees and winter visitors who reside in the Planning Area maintain a strong allegiance to their home places with their home places. These attitudes inhibit the consolidation of strong communities and often obstruct the implementation of initiatives which are of importance to the region.

#### Social and Environmental Degradation

The pains of accelerated growth have begun to be felt in Maricopa County. This is reflected in the deterioration of air quality, rapid consumption of open space, traffic congestion, strained schools, rootlessness, increased crime, urban blight, and social dislocations. The economic and political cost of addressing these issues can not be easily quantified. Future growth planning decisions must anticipate these costs to ensure that government is not overburdened financially, to preserve community values, and to preserve the environment.

## Economic Development and Environmental Degradation

Economic development and environmental quality are not mutually exclusive. The quality of life for Maricopa County residents and communities revolves around a strong economy and a healthy environment. Without a strong economic base, the revenue needed for implementing environmental controls will not be available. Conversely, a polluted (and unhealthy) environment, will not be an asset to expanding and/or relocating businesses. The Arizona Environmental Technology Industry Cluster should assist in expanding public awareness about the need to reach a balance in the cost/benefit equation of environment and economic benefit. It also should contribute to the economy of the region through the promotion and development of environmental technologies which include products or processes that help eliminate, prevent, reduce, or remediate negative human impact on the environment. The Planning Area may offer opportunities to expand its economy through the safe repository of waste material, waste material recycling, and the experimentation and/or production of environmental technologies. Arizona lacks a hazardous waste handling facility. The lack of a facility may, in future years, infringe upon the state's ability to attract and retain high technology firms that generate hazardous waste. The region may examine the necessity to revisit the issue and address it either at the existing facility located in the Mobile area, or elsewhere in the state.

## PUBLIC MEETINGS

A series of community workshops, focus group meetings and surveys were conducted to receive community input on the strategic planning process. Workshops were conducted at different locations in the Planning Area and with different audiences. Because of the geographic scope of Maricopa County, it has assumed that regional variations involving policies and programs would exist. To test this, Maricopa County has divided into five planning areas (see Figure 18).

The first series of workshops took place in April and May of 1995 and assessed public perceptions and ascertained issues concerning growth and development in the Planning Area. The second series of community meetings occurred in June, 1995, and involved the participation of 100 county residents and 60 representatives from various jurisdictions. At these meetings, residents assisted in the formulation of a long-range vision and provided input in the design of goals and objectives based on the issues voiced at the first series of workshops. The third series of workshops in November, 1995, solicited citizen input to refine the Land Use and Transportation Alternatives of the Comprehensive Plan. Background reports pertaining to the population and economy of Maricopa County and the Planning Area, along with reports completed for Land Use, Transportation, and the Environment served to examine land use and transportation development scenarios and the selection of alternatives for establishing the preferred plan.

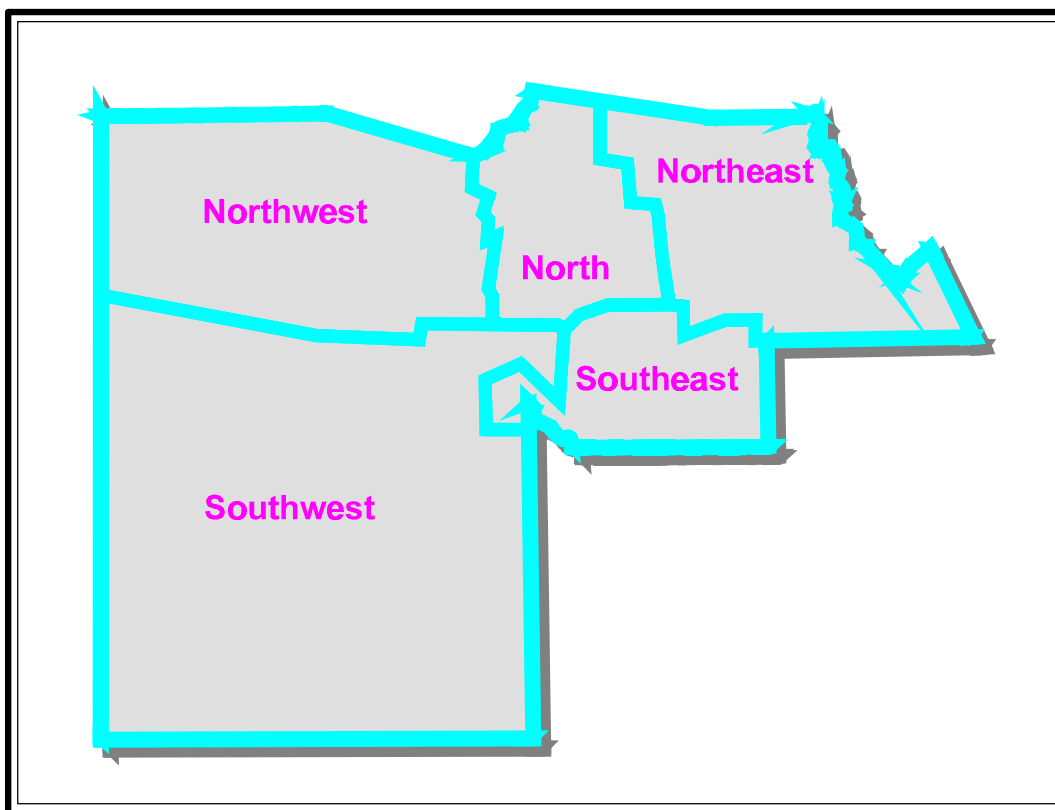


Figure 18: Planning Areas for the Maricopa County Comprehensive Plan

Land use and transportation surveys, and regional planning studies were also completed and utilized in the development of scenarios and alternatives for establishing the preferred plan. The Land Use Survey obtained information pertaining to resident and industry preferences regarding development patterns, land use compatibility, and the need for additional regulation. Almost 2,500 participants responded to 10,000 surveys in the Planning Area. The Transportation Survey identified needs and issues pertaining to barriers, solutions, and transportation spending priorities in the Planning Area. Data was collected from over 3,000 respondents.

Regional Planning Studies included an Open Space Management Plan (“Desert Spaces Plan”) and an Urban Form Study to provide the regional planning base for the development of the Land Use and Transportation Plan Alternatives. The Desert Space Plan identifies and defines land that could be protected and connected as open areas for the benefit of county residents. The Urban Form Plan evaluates how future development in the county could be influenced by such factors as traffic, water and sewer service, and air quality.

## SUMMARY OF RESIDENTAL AND INDUSTRY ISSUES

### North Valley

The desire for selective economic development to provide goods, services and jobs to community residents was shared by North Valley residents in their Vision Statement on June 28, 1995. Accordingly, residents envision the North Valley as a place that enjoys a high quality of living with quality planned community developments preserving a variety of lifestyles, including the rural lifestyle and some existing agricultural (non-crop) uses. They envision a balanced transportation system (vehicular, public transit and non-motorized) and welcome in the area selective economic development opportunities. They see increased job opportunities as a means of reducing the need to commute. As the area grows, the North Valley would preserve the Sonoran Desert and promote high quality communities while providing residents with the opportunity to live, work and play within these communities.

Among their goals for economic development, residents envisioned the promotion of selective commercial development, primarily neighborhood commercial development that meets community needs, and would support the establishment of small office/warehousing projects with adequate storage/parking space.

### Northwest Valley

Northwest Valley residents welcome economic development to provide goods, services and jobs to community residents. They envision the Northwest Valley as a place that enjoys a high quality of life.

They encourage planned community developments while preserving a variety of lifestyles, and a balanced regional transportation system (vehicular, public transit and non-motorized).

They see their area growing in harmony with the environment, the preservation of the Sonoran Desert and its precious resources, while promoting a community which provides residents with opportunities to work, live and play. Residents recommend that retirement as an industry be acknowledged. Also, the provision of a full range of health care needs in the region should be a goal in the Comprehensive Plan. They desire to expand economic development efforts to attract tourism and clean industry, and acknowledge the development of Lake Pleasant as a premier regional recreational destination. They encourage the provision of neighborhood commercial to serve adjacent residential areas. They also suggest that the Plan should encourage/demand orderly growth and preserve agricultural uses surrounding Luke Air Force Base.

#### Southwest Valley

The Southwest Valley wants to protect Luke Air Force Base and welcomes economic development to enhance the tax base and provide goods and services to community residents as well as job opportunities to reduce the need to commute. At their meeting on June 27, 1995, residents envisioned the Southwest Valley as a place that enjoys a high quality of life, community identity and neighborhood atmosphere. Residents encourage planned community developments with balanced land uses while maintaining a variety of lifestyles and agricultural-based industries. They see the area growing in harmony with the environment, the preservation of precious resources, and natural river corridors. They would promote sustainable communities where people may live, work and play.

Among their identified goals, residents encourage the promotion of economic development to create jobs for the Southwest, encourage the location of environmentally conscious industries in the Southwest Valley, the preservation of rural lifestyles, and the retention of agricultural land for long-term use.

#### Southeast Valley

The Southeast Valley welcomes economic development to provide goods, services and jobs to community residents. Southeast Valley residents see their area as a place that enjoys a high quality of living. They wish to encourage planned community developments while preserving a variety of lifestyles, including the rural lifestyle and some agricultural uses. They see economic development as a means to enhancing tax bases and increase job opportunities, while reducing the need to commute into metropolitan areas. They envision the environment being respected; and as the area grows, high quality communities promoted. Also, when development occurs, it should be in harmony with the rural heritage of the area.

Maintaining some agricultural lands while transitioning others is encouraged. Also, development should occur consistent with quality and excellent standards.

Finally, area residents suggest that developments proposed at Williams Gateway Airport be consistent with development proposed in adjacent jurisdiction's general plans. Lastly, the protection of airspace at the airport, is recommended for priority in the county comprehensive plan.

#### Northeast Valley

The Northeast Valley welcomes economic development to provide goods and services to community residents, as well as job opportunities to reduce the need to commute into the metropolitan area. As the area grows, the Northeast Valley promotes a sustainable community where people may live, work, retire, and play. The Northeast Valley is envisioned as a place that preserves and respects the desert and mountain environment, enjoys a high quality of life and is generally represented by low-density planned developments incorporating natural desert space.

Their goal is to achieve balanced development through planning for communities. They encourage the development of communities that accommodate retirement or needs of the residents. They also wish to accommodate development of a lower density nature which respects the environment and accommodates long-term agriculture. They wish to balance growth with an assured water supply.

## CHALLENGES AND VISION FOR THE FUTURE

The economic and physical transformation of the Planning Area will occur as a result of a myriad of physical, political and socio-economic factors which, internally or externally, will influence the intensity, form and direction of its growth and development in the years to come. External and internal forces influencing growth and development in Arizona and Maricopa County will trickle down to the Planning Area, generating impacts in its internal economy and physical features, in ways that are difficult to predict.

The region's economy evolved as a result of the work of early pioneers who conquered the desert after harnessing water and energy resources and developing a strong agricultural economy. Later, with the advent of World War II, a diversified industrialization process began to take place. This, along with massive population immigration, has transformed Maricopa County into one of the fastest growing economic regions in the country with a diversified base of manufacturing, tourism and business. Economic growth and development in the region evolved without the guidance of comprehensive planning, fueled primarily by speculative forces and population immigration.

Planning the future economic and physical growth of the region poses many challenges. To be beneficial, economic development must not only help create wealth, it must also generate community benefits. Future development must help transform Maricopa County into a better place to live and work. Several issues which surfaced during the preparation of this document have policy implications which must be addressed through the comprehensive planning process. Through the planning process, strategies and policy directions will be identified. Public comments and the comments of county and State stakeholders and panel experts will further help define the policy plan of the Planning Area's Comprehensive Plan.